
BIOPHARMX CORPORATION

CODE OF CONDUCT AND ETHICS

As Adopted by the Board of Directors
on March 26, 2015

Purpose

BioPharmX Corporation (together with its subsidiaries, the “**Company**”) strives to apply high ethical, moral and legal principles in every aspect of business conduct. This Code of Conduct and Ethics (this “**Code**”) describes the Company’s principles and policies regarding the standards of conduct to be followed by Company employees, independent contractors, agents (collectively, “**Employees**”), officers and directors when acting on the Company’s behalf. This Code cannot address every ethical issue or circumstance that may arise; so, in complying with the letter and spirit of this Code, it is the responsibility of Employees, officers and directors to apply common sense, together with high personal standards of ethics, honesty and accountability, in making business decisions where this Code has no specific guideline. Employees, officers and directors should consider not only their own conduct, but also that of their family members.¹

Nothing in this Code is intended to alter existing legal rights and obligations of the Company or any of its Employees or officers, including “at will” employment arrangements or the terms of any employment-related agreement we may have such Employees or officers.

General Policy

The Company expects and requires its Employees, officers and directors to strictly observe all laws and regulations applicable to the Company or the conduct of its business, regardless of where the Company conducts its business. If a law conflicts with this Code, the law must be followed; however, if a local custom or policy conflicts with this Code, this Code must be followed. Each Employee has the personal responsibility to adhere to these standards and apply them in good faith and with reasonable business judgment. Any Employee who does not adhere to these standards is acting outside the scope of his or her employment, agency or independent contractor relationship.

In addition to complying with applicable laws and regulations, all Employees, officers and directors should observe the highest standards of business and personal ethics when performing assigned duties and should perform all assigned duties to the best of their ability. This requires using honesty and integrity when dealing with other Employees, officers, directors, the public, the business community, stockholders, customers, suppliers and governmental and

¹ Throughout this Code, the term “family member” refers to a person’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person’s home.

regulatory authorities. Employees, officers and directors must act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts to others or allowing their business judgment on behalf of the Company to be subordinated to other interests and maintain a culture of fairness, honesty and accountability within the Company. Employees, officers and directors should also promote honest and ethical behavior by others in the work environment and ensure that the Company's agents and contractors conform to the standards of this Code when working on the Company's behalf.

It is impossible for this Code to contain specific instructions to fit all situations that may arise. The examples of prohibited conduct contained in this Code are not all-inclusive. The Company reserves the right to determine if any conduct is unethical or dishonest and prohibited by this Code, whether or not the conduct is specifically identified.

It is the responsibility of all Employees, officers and directors to review this Code and to report any violation or apparent violation in accordance with the section of this Code entitled "*Reporting Violations of this Code.*" Any violation of this Code that also constitutes a violation of applicable law may result in civil or criminal prosecution by the Company or an appropriate governmental authority. Violations of this Code may also result, as applicable, in disciplinary action including termination of the agency or independent contractor relationship, discharge from employment without severance, separation or similar benefits and removal from the Board of Directors. Similar disciplinary measures may apply to any Employee, officer or director who directs or approves prohibited activities or has knowledge of them and does not move promptly to correct or report them.

It is a violation of this Code for any Employee, officer or director to retaliate, directly or indirectly, against any other Employee, officer or director who reports a violation in good faith, or to encourage other Employees, officers or directors to so retaliate.

Employees are encouraged to contact their supervisor or the Chief Financial Officer of the Company if they need help understanding the Code.

Waivers

The Board of Directors (the "**Board of Directors**") may grant waivers of this Code. The Audit Committee and the Nominating and Corporate Governance Committee may also grant waivers of this Code, except where the transaction is subject to review by the Board of Directors as a whole or where the potential waiver involves a member of such committees. Persons seeking a waiver should be prepared to disclose all pertinent facts and circumstances, respond to inquiries for additional information, explain why the waiver is necessary, appropriate, or in the best interest of the Company and be willing to comply with any procedures that may be required to protect the Company in connection with such a waiver. If a waiver of this Code is granted for the chief executive officer, principal financial officer, principal accounting officer, controller, treasurer, any person performing similar functions or any other person designated by the Company as a "senior financial officer" for purposes of this Code ("**Senior Financial Officers**") or any other executive officer or director, any required public disclosure shall be made promptly

in accordance with applicable legal requirements and stock exchange regulations and shall be disclosed to the stockholders.

Compliance with Laws, Rules and Regulations

Obeying the law both in letter and in spirit is a pillar upon which the Company's ethical standards are built. Although Employees, officers and directors of the Company are not expected to know every law that is applicable to the Company's business, it is important that Employees, officers and directors know enough to ask questions and seek advice from supervisors, managers, lawyers or other appropriate personnel if they have any doubt regarding the legality of any action taken, or not taken, on behalf of the Company.

(a) The Food, Drug and Cosmetic Act and Interactions with the Food and Drug Administration

The Company's products, product candidates 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 "**FFDCA**") and its implementing regulations. The FDA regulates many areas of the Company's operations, including, but not limited to, the development, design, non-clinical and clinical research, manufacturing, safety, efficacy, labeling, packaging, storage, installation, servicing, recordkeeping, premarket clearance or approval, and adverse event reporting of our products. The FDA also regulates the export of drug products manufactured in the United States to international markets. 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.

Employees and officers with responsibilities in the areas governed by the FFDCA and the FDA are required to understand and comply with these laws and regulations. These Employees and officers are expected to have a thorough understanding of the laws, regulations and other relevant standards applicable to their job positions, and to comply with those requirements. If any doubt exists regarding whether a person's job position or a particular course of action is governed by these laws and regulations, such person should seek advice immediately from such person's supervisors, managers, lawyers or other appropriate personnel.

(b) Insider Trading

Insider trading and insider dealing (trading in securities of the Company on the basis of material, non-public information) are unethical and are criminal offenses in most countries. It is also illegal to communicate (or "tip") material, nonpublic information to others who may trade in securities on the basis of that information. These illegal activities are commonly collectively referred to as "insider trading." Material information is all information that a reasonable investor would consider important in deciding whether to

buy, sell or hold securities, and includes any information that could reasonably be expected to cause a change in the price of securities of the Company or the securities of another company to which the information relates. Examples of types of material information include, but are not limited to:

- financial results for the quarter or the year;
- financial forecasts and budgets;
- possible mergers, acquisitions, joint ventures and other purchases and sales of companies and investments in companies;
- changes in relationships with significant customers;
- the gain or loss of important contracts;
- major financing developments;
- senior personnel changes;
- major litigation developments;
- changes in dividend policies or the declaration of a stock split or the offering or repurchase of securities; and
- the results of pre-clinical studies and clinical trials

All Employees, officers and directors must comply with the Company's Policy Prohibiting Insider Trading, which prohibits the purchase or sale of Company securities by persons who are aware of material information about the Company that is not generally known or available to the public. All Employees, officers and directors are also prohibited from disclosing this information to others who may trade. Similarly, if an Employee, officer or director becomes aware of material non-public information about other companies, such as Company partners, suppliers or customers, through his or her work at the Company, such Employee, officer or director may not trade the securities of such companies. Parties who are likely to have access to material non-public information may not engage in any transactions in Company securities during quarterly blackout periods and until adequate public disclosure of the information has been made. In addition, certain parties must obtain prior written approval for all transactions of the Company securities, regardless of when they occur. Anyone who knowingly trades Company securities while in possession of material, non-public information or who tips information to others will be subject to appropriate disciplinary action up to and including termination. The Company's Policy Prohibiting Insider Trading discusses these matters in more detail.

(c) Governmental Affairs and Political Contributions

The Company's official policy concerning all governmental, political and public matters in which the Company has an interest will be decided and announced by, or implemented with prior approval from, the Board of Directors. No alteration of or deviation from such official policy will be made without the prior approval of the Board of Directors.

Under no circumstances shall any activity be authorized or undertaken by an Employee, officer or director that violates the provisions of the Foreign Corrupt Practices

Act (“*FCPA*”), federal and state election laws, bribery laws or other applicable domestic or foreign laws. Generally, the FCPA prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country. In addition, the FCPA requires the maintenance of accurate books of account, with all Company transactions being properly recorded. Employees, officers and directors must maintain accurate books of account and properly record transactions.

In addition, the U.S. government has a number of laws and regulations regarding business gifts or gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy, but could also be a criminal offense. Most state and local governments, as well as foreign governments, have similar rules restricting or prohibiting gifts or gratuities to public officials.

(d) Political Activities

It is the Company’s policy to comply fully with all local, state, federal, foreign and other applicable laws, rules and regulations regarding political contributions. The Company’s funds or assets must not be used for, or be contributed to, political campaigns, political practices, public referenda, or any such similar ballot, under any circumstances without the prior written approval of the Company’s Chief Executive Officer and, if required, the Company’s Board of Directors. Employees, officers and directors, if eligible under applicable law, are free to exercise the right to make personal political contributions within legal limits. These contributions may not be made in a way that might appear to be an endorsement or contribution by the Company. The Company will not be required to reimburse you for any political contribution.

If Employees, officers or directors engage in political activities during work hours, their work time could be considered the equivalent of a contribution by the Company. Therefore, Employees, officers and directors may not engage in political activities on the Company’s premises or during working hours. Additionally, an Employee’s, officer’s or director’s contributions to a political candidate or party must not be made, or appear to be made, with (or reimbursed by) the Company’s funds. The intent of this policy is not to discourage Employees, officers or directors from participating in political activities on their own time. Employees, officers and directors may elect to make personal political contributions as prescribed and permitted by applicable federal, state and local laws, as well as the laws of any applicable foreign jurisdictions. Employees, officers and directors may also make personal contributions to political action committees where permitted by federal, state and local laws.

(e) Export, Trade and International Relations

As a biotechnology company with worldwide operations, the Company must comply with all applicable U.S. embargoes, import and export control laws and trade regulations. U.S. trade regulations apply to many activities involving non-U.S. citizens, including doing business with such parties, transmission or shipment of software, or technical data. Some of the strictest export controls are maintained by the United States against countries that the U.S. government considers unfriendly or as supporting international terrorism. The United States and other countries restrict the export of goods, software and technology such as some types of electronics, and encryption technology which could have military or other applications and pose a danger to the interests of the country restricting the export. Additionally, the U.S. government restricts exports of nearly all goods and technology to certain countries. Even presenting data to a foreign national in the United States may constitute an export. The Company requires compliance with laws and regulations governing U.S. embargoes and export controls in both the United States and in the countries where the Company conducts its business. The U.S. regulations are complex and apply both to exports from the United States and to exports of products from other countries, when those products contain U.S.-origin components or technology. Any questions about export control laws and regulations should be directed to the Company's Chief Financial Officer. It is the responsibility of the Employee, officer or director to consult with the Chief Financial Officer to determine whether such person's activities are subject to special controls, and if so, to comply with them.

In addition, the Company requires compliance with anti-boycott regulations, which prohibit companies from taking any action that has the effect of furthering any unsanctioned boycott of a country friendly to the United States.

(f) Lawsuits and Legal Proceedings

The Company complies with all laws and regulations regarding the preservation of records.

Lawsuits, legal proceedings, and investigations concerning the Company must be handled promptly and properly. Employees, officers and directors must contact our Chief Financial Officer immediately if they receive a court order or a court issued document, or notice of a threatened lawsuit, legal proceeding, or investigation. A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. When there is a "legal hold" in place, Employees, officers and directors must not alter, destroy, or discard documents relevant to the lawsuit, legal proceeding or investigation. Our Chief Financial Officer, in consultation with legal counsel, determines and identifies what types of records or documents are required to be placed under a legal hold and will notify Employees, officers and directors if a legal hold is placed on records for which they are responsible. If an Employee, officer or director is involved on the Company's behalf in a lawsuit or other legal dispute, such Employee, officer or director must avoid discussing it with anyone inside or outside of the Company without prior approval of the legal department, or if a legal department has not yet been established, the Chief Financial Officer. Employees, officer and directors are required to cooperate fully with the legal

department, or if a legal department has not yet been established, the Chief Financial Officer, in the course of any lawsuit, legal proceeding, or investigation.

Confidentiality

Non-public Company information is a vital asset. Employees, officers and directors shall maintain the confidentiality of information entrusted to them by the Company or its customers and others with whom it does business, except when an appropriate officer of the Company authorizes disclosure or disclosure is legally mandated. The obligation to preserve confidential information continues even after employment, agency, independent contractor relationship or a directorship with the Company ends. Confidential information includes all non-public information that if disclosed might be of use to competitors or harmful to the Company or its customers, and all non-public information that is learned about the Company's past, present and prospective suppliers, customers, Employees, officers and directors that is not available generally to the public. Other examples of confidential information include but are not limited to:

- all information, documents, and computer databases that are obtained or produced during employment with the Company;
- business strategies, operations and programs;
- lists of customers, clients or prospects;
- lists of employees and any records or information regarding employees;
- information regarding litigation in which the Company is involved;
- all records and files, including computer-generated and/or stored files and databases;
- trade secrets;
- projections of future earnings or losses;
- news of a pending or proposed merger, acquisition or tender offer;
- news of a significant sale of assets or the disposition of a subsidiary;
- changes in dividend policies or the declaration of a stock split or the offering or repurchase of securities;
- changes in senior management;
- significant new products or discoveries;
- lawsuits and legal proceedings
- impending bankruptcy or financial liquidity problems; and
- the gain or loss of a substantial customer, supplier or contract.

Conflicts of Interest

A conflict of interest occurs when an individual's private interests conflict in any way, or even appears to interfere, with the interests of the Company as a whole. This situation can arise when an Employee or director takes an action, or has some outside interest, duty, responsibility or obligation, that may make it difficult, both objectively and effectively, to perform his or her work on behalf of the Company. Conflicts of interest also arise when an Employee, officer or director, or a member of his or her family or household, receives improper personal benefits as a result of his or her position in the Company.

Employees, officers and directors must avoid conflicts between personal interests and the interests of the Company, or even the appearance of such conflicts. The appearance of a conflict of interest can often be as detrimental as a conflict itself. Employees, officers and directors should exercise sound judgment before committing to any activity or participating in any transaction that could potentially create such a conflict of interest. Any Employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of the appropriate personnel in accordance with the procedures described in the section of this Code entitled “*Reporting Violations of this Code.*”

An important way to deal with potential conflicts of interest is through advance disclosure to the Board of Directors or a committee of the Board of Directors. Prior disclosure does not suggest potential wrongdoing, but it helps eliminate embarrassing misunderstandings, while allowing someone not involved in the potential conflict situation to determine objectively whether the Company’s interests are affected. An Employee, officer or director should always err on the side of disclosure when uncertain about whether or not certain circumstances require disclosure.

Because related party transactions create a conflict of interest and the potential for abuse of a related party’s position within the Company, no Employee, officer or director may directly or indirectly enter into any transaction or other business arrangement with the Company unless the Company and the relevant Employee, officer or director follow all applicable approval procedures and other requirements adopted from time to time by the Board of Directors.

It is almost always a conflict of interest for an Employee, officer or director to work simultaneously for a competitor, customer or supplier. No Employee, officer or director is permitted to work as a consultant or director of any competitor, pass any confidential information of the Company to any competitor or accept payments or other benefits from any competitor without the approval of the Board of Directors. Employees, officers and directors should also avoid any direct or indirect business connection with the Company’s customers, suppliers or competitors, except on the Company’s behalf. No Employee, officer or director may act on behalf of the Company in any transaction involving the Employee, officer or director, or persons or organizations with which such Employee, officer or director, or a member of his or her family or household, has any direct or indirect pecuniary interest. It is a conflict of interest for an Employee, officer or director or his or her immediate family members to own an interest in the business of a supplier, or be a creditor of a supplier, unless the interest is represented by a publicly traded security and the Employee, officer, director or his or her immediate family member owns no more than 1% of any class of outstanding securities of the supplier. Other common types of conflicts of interest are discussed further below under “Corporate Opportunities” and “Gifts.”

Below are important factors to consider in order to avoid conflict of interest situations:

- *Perception:* Could the activity or transaction be perceived as a conflict of interest or a potential conflict by others, including Employees, officers, directors, customers, vendors, competitors, regulators or the public? If all the facts of the activity or transaction were made public, would you or the Company be embarrassed?

- *Intent:* Is the activity or transaction being offered in an attempt to influence your judgment?
- *Impact:* Will the Company be disadvantaged if you participate in the activity or transaction?
- *Objectivity:* Will participation in the activity or transaction in any way affect your ability to be objective with regard to any decision concerning a customer, Employee or vendor?
- *Time Consideration:* Will the time required for the activity or transaction interfere with your ability to effectively carry out your responsibilities at the Company?

Special Note Regarding Employee Loans

Loans to employees or their family members by the Company, or guarantees of their loan obligations, could constitute an improper personal benefit to the recipients of these loans or guarantees. Accordingly, Company loans and guarantees for executive officers are expressly prohibited by law and Company policy. Company loans of \$5,000 or less to non-executive officer employees are permitted upon approval of Company management, and Company loans of greater than \$5,000 to non-executive officer employees are permitted upon approval of the Compensation Committee.

Corporate Opportunities

Employees, officers and directors of the Company generally owe a duty to the Company to advance its legitimate interest when the opportunity to do so arises. Employees, officers and directors are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information, or position, whether the opportunity is taken during their relationship with the Company or after the relationship terminates (for example, an Employee may not take an opportunity for himself or herself or a future employer if the Employee learned of the opportunity while with the Company). Unless approved by the Board of Directors, Employees and officers are also expected to spend all of their business time and their entire business focus in pursuit of the Company's interests and the creation of stockholder value and may not use Company property, information or position to further the Employee's or officer's direct or indirect pecuniary interests, for other personal gain or to compete with the Company.

Competition and Fair Dealing

The Company strives to compete vigorously and to gain advantages over its competitors through superior business performance, not through unethical or illegal business practices. No Employee, officer or director may through improper means acquire proprietary information from others, possess trade secret information or induce disclosure of confidential information from past or present employees of other companies. If an Employee, officer or director has obtained information of this variety by mistake, or if he or she has any questions about the legality of future actions, he or she must consult with our Board of Directors.

All Employees, officers and directors are expected to deal fairly and honestly with the Company's customers, suppliers, employees and anyone else with whom he or she has contact in the course of performing his or her duties to the Company. The making of false or misleading statements about the Company's competitors is prohibited by this Code, inconsistent with our reputation for integrity and harmful to the Company's business. No Employee, officer or director may take unfair advantage of anyone through misuse of confidential information, misrepresentation of material facts or any other unfair business practice.

Employees and officers involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on typical commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

Employees and officers involved in sales have a special responsibility to abide by all Company policies regarding selling activities, including Company approval policies and policies relevant to revenue recognition.

Special Note Regarding Antitrust Laws

Antitrust laws are designed to protect customers and the competitive process. These laws generally prohibit the Company from establishing:

- Price-fixing arrangements with competitors or resellers;
- Arrangements with competitors to share pricing information or other competitive marketing information, or to allocate markets or customers;
- Agreements with competitors or customers to boycott particular suppliers, customers or competitors; or
- A monopoly or attempted monopoly through anti-competitive conduct.

Some kinds of information, such as pricing, production and inventory, should never be exchanged with competitors, regardless of how innocent or casual the exchange may be, because even where no formal arrangement exists, merely exchanging information can create the appearance of an improper arrangement.

Noncompliance with the antitrust laws can have extremely negative consequences for the Company, including long and costly investigations and lawsuits, substantial fines or damages, and negative publicity. Understanding the requirements of antitrust and unfair competition laws of the jurisdictions where the Company does business can be difficult, and Employees, officers and directors are urged to seek assistance from the Board of Directors whenever he or she has a question relating to these laws.

Gifts

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain advantage with or give advantage to customers or suppliers (or any specific individual employed by customers or suppliers). No gift

or entertainment should ever be offered, given, provided or accepted by any Employee, officer, director or family member of an Employee, officer or director unless it: (i) is not a cash gift, (ii) is consistent with customary business practices, (iii) is not excessive in value, (iv) cannot be construed as a bribe or payoff and (v) does not violate any laws or regulations.

No Employee, officer or director may (i) use a Company supplier, consultant or subcontractor to work on his or her personal business, or those of related persons, or (ii) pay, offer to pay, or give anything of value to another Employee, officer or director as an inducement or compensation for work-related services. No bribes, kickbacks or other similar unlawful or improper remuneration will be given by any Employee, officer or director to any person or entity or will be accepted by any Employee, officer or director from any person or entity to obtain or retain business, or for any other reason whatsoever. No Employee, officer or director will make any unlawful preferential extension of credit to any other Employee, officer or director, or to any current or prospective customer or any employee, officer, director or principal stockholder of any current or prospective customer.

If an Employee, officer or director receives an offer of a gift or entertainment that is not explicitly prohibited, he or she should also consider the following factors prior to making his or her decision to accept the gift or entertainment:

- *Reciprocity*: Are you in a position where you could provide a reciprocal gift or entertainment at the Company's expense? Is there an expectation that you will reciprocate? You should consider not only the nature of the gift or entertainment being offered, but also the organizational stature of the person making the offer.
- *Pattern*: Is the nature of the gift or entertainment being offered typical for the size and status of the customer or vendor relationship? The type of gift or entertainment being offered should be customary and appropriate with regard to the person's job responsibilities.

Protection and Proper Use of Company Assets

All Employees, officers and directors should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the financial soundness, integrity and profitability of the Company. Company assets may not be used for any unlawful or improper purpose. Company assets and equipment should only be used for Company business, although incidental personal use of assets may be permitted in limited circumstances contemplated by policies the Company may adopt from time to time.

All information, documents, and computer databases that are obtained or produced during an Employee's, officer's or director's service with the Company are the property of the Company and may not be removed from the Company's premises without authorization. This information may not be used for the Employee's, officer's or director's personal benefit or the benefit of any person other than the Company during or after an Employee's, officer's or director's service with the Company. Misuse of Company furnishings, equipment, technology (including inappropriate internet usage), supplies or other assets, or removal of such assets from Company facilities, is prohibited.

These policies apply equally to property created, obtained or copied by or for the benefit of the Company (such as customer lists, files, reference materials, reports, computer software, data processing systems, databases and the like). Neither originals nor copies may be used for purposes other than Company business. These assets and the tangible contributions an Employee, officer or director makes to their development and implementation, whether directly or indirectly, while providing service to the Company are the Company's property, remain Company property even if the Employee, officer or director ceases to provide services to the Company, and cannot be taken, copied or destroyed by the Employee, officer or director following or in contemplation of termination of service.

The Company's IT systems, including the email system and the email archive, are property of the Company. These assets are provided to Employees, officer and directors to conduct the Company business or for purposes authorized by management. An Employee, officer or director may not use any Company asset in violation of the law or the Company policies. While the Company is committed to protecting an Employee's, officer's or director's legitimate privacy interests, the Company reserves the right to monitor use of the Company assets in accordance with applicable laws and as necessary to protect its interests as well as store and access any emails stored in the email system or the email archive in perpetuity. If an Employee, officer or director believes that he or she has any personal, non-business related data that he or she would like to keep private, he or she should not use the Company assets, including his or her Company email address, the corporate email system or the corporate network or any corporate assets or devices (such as a cell phone, tablet computer, etc.) to access, store, manage or process any such personal, non-business related data. Misuse of the Company assets is misconduct and may lead to disciplinary action, including immediate termination of employment.

Matters Relating to Financial Reporting

Senior Financial Officers shall strive to provide full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the United States Securities and Exchange Commission and in other public communications that the Company makes.

The Senior Financial Officers have a special responsibility to promote integrity throughout the organization, with responsibilities to stakeholders both inside and outside of the Company. Because of this special role, we require that each of the Senior Financial Officers:

- Act with honesty and integrity and use due care and diligence in performing his/her responsibilities to the Company.
- Avoid situations that represent actual or apparent conflicts of interest with his/her responsibilities to Company, and disclose promptly to the Audit Committee, any transaction or personal or professional relationship that reasonably could be expected to give rise to such an actual or apparent conflict. Without limiting the foregoing, and for the sake of avoiding an implication of impropriety, Senior Financial Officers shall not:

- Accept any material gift or other gratuitous benefit from a supplier or vendor of products or services, including professional services, to the Company (this prohibition is not intended to preclude ordinary course entertainment or similar social events);
 - Except with the approval of the disinterested members of the Board, directly invest in any privately held company that is a business partner or vendor of the Company where the Senior Financial Officer, either directly or through people in his/her chain of command, has responsibility or ability to affect or implement the Company's relationship with the other company; or
 - Maintain more than a passive investment of greater than 1% of the outstanding shares of a public company that is a business partner or vendor of the Company.
- Provide constituents with information that is accurate, complete, objective, relevant, timely and understandable, including information for inclusion in the Company's submissions to governmental agencies or in public statements.
 - Comply with applicable laws, rules, and regulations of federal, state and local governments, and of any applicable public or private regulatory and listing authorities.
 - Achieve responsible use of and control over all assets and resources entrusted to each Senior Financial Officer.

Company Records

All Company books, records, accounts, funds and assets must be maintained to reflect fairly and accurately the underlying transactions and disposition of Company business in reasonable detail. Falsifying or destroying Company books or records, other than in accordance with any policy the Company may implement from time to time regarding document retention, is a violation of this Code. Examples of Company books and records include financial records, records regarding the approval of business transactions, applications, resources, medical reports or claims, production records and logs, time and attendance records, expense accounts, purchasing documents, shipping and receiving records and any other books or records.

The Company has established internal accounting and operating controls to ensure that its accounting records and operational procedures are complete, accurate and maintained in reasonable detail. Employees, officers and directors are expected to maintain and adhere to these controls and policies so that all underlying transactions, both within the Company and with third parties, are properly documented, recorded and reported. No accounting entries will be recorded that intentionally conceal, disguise or misrepresent the true nature of any transaction involving the Company.

In this respect, the following guidelines must be followed:

- no undisclosed or unrecorded funds or assets should be established for any purpose;
- transactions should be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- Employees and officers should comply with the Company’s system of internal controls and be held accountable for their entries;
- any off-balance sheet arrangements of the Company should be clearly and appropriately disclosed;
- Employees and officers should work cooperatively with the Company’s independent auditors in their review of the Company’s financial statements and disclosure documents;
- Employees and officers should comply with the Company’s document policies or procedures then in effect;
- no cash or other assets should be maintained for any purpose in any unrecorded or “off-the-books” fund;
- no false or fictitious invoices should be paid or created;
- no false or artificial entries should be made or misleading reports issued; and
- assets, liabilities and contingent liabilities of the Company shall be recognized and reported on the Company’s financial statements (or notes thereto) or in the Company’s publicly filed documents, all in accordance with the Company’s standard practices and generally accepted accounting principles (“GAAP”).

All Employees must cooperate fully with our finance department, as well as our independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that the Company’s books and records, as well as its reports filed with the SEC, are accurate and complete. No Employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of the Company’s reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of such reports accurate in all material respects.

If an Employee, officer or director believes that the Company’s books and records are not being maintained in accordance with these requirements, the Employee, officer or director should report the matter in accordance with the section of this Code entitled “*Reporting Violations of this Code.*”

Employee Relations/Non-Discrimination

Each Employee, officer and director is expected to follow these important principles:

- Respect each Employee, officer, director, worker and representative of the Company and its customers, suppliers and contractors as an individual, showing courtesy and consideration and fostering personal dignity. Members of the management team will use good judgment and exercise appropriate use of their influence and authority in

their interactions with other Employees, customers, suppliers, contractors and other stakeholders of the Company.

- Refrain from misuse of his or her position with the Company, including by pressuring subordinate Employees for personal purposes.
- Commit to equal treatment of all Employees, officers, directors, workers, customers, suppliers and contractors of the Company without regard to race, color, sex, sexual orientation, religion, age, national origin, citizenship status, military service or reserve or veteran status, disability or any other factors prohibited by law.
- Provide a workplace free of harassment of any kind, including on the basis of race, color, sex, sexual orientation, religion, age, national origin, citizenship status, military service or reserve or veteran status, sexual orientation, disability or any other factors prohibited by law. The Company will not tolerate (i) any unwelcomed sexual advances, actions or comments or (ii) any other verbal or physical conduct in the workplace that disrupts or interferes with work performance or which creates an intimidating, hostile or otherwise offensive environment.
- Provide and maintain a safe, healthy and orderly workplace that is free of (1) violent behavior or threats of violent behavior, (2) the possession of weapons of any type on the Company's premises, (3) the use, distribution, sale or possession of any controlled substance except for approved medical purposes and (4) any otherwise illegal drug.
- Assure uniformly fair compensation and benefit practices that will attract, reward and retain quality Employees.

Environmental Policy

The Company is committed to conducting its business in compliance with all applicable environmental laws and regulations in a manner that has the highest regard for the environment and the safety and wellbeing of Employees and officers and the general public. Therefore, the Company expects all Employees and officers to do their utmost to abide by the letter and spirit of all environmental laws and regulations.

Use of Company Name

It is inappropriate for an Employee, officer or director to use official Company stationery or other official documentation or to use the name of the Company for any personal or non-official purpose since such use implies endorsement by the Company. Employees, officers and directors may not use the Company name outside of customary business practices except as approved by the Board of Directors.

Publicity and Communication

Employees, officers and directors must exercise due care when considering the release of information of a sensitive or material nature about the Company. Sufficient measures must be taken to ensure the accuracy of information that is authorized for release to outside parties. Consequently, responses, public discussion and contact with the news media about the Company's business may only be made through the Company's authorized officers or their representatives.

Failure to observe this policy can spread misinformation and potentially cause tremendous harm to the Company.

Ethics Officer

The Company may designate an officer or director as its “Ethics Officer.” The Ethics Officer may be consulted regarding any matter related to this Code, including whether a contemplated set of circumstances gives rise to a conflict of interest or whether a violation of this Code has occurred. Different individuals may be designated the Ethics Officer from time to time.

Reporting Violations of this Code

The Company proactively promotes legal and ethical behavior. Under federal law, the Company can be held criminally liable if one of its Employees, officers or directors commits certain crimes. Accordingly, any Employee, officer or director who has knowledge or information about Company-related conduct by another Employee, officer or director of the Company that he or she believes to be a crime, a material violation of law or regulation, a dishonest act, a breach of trust or other conduct in violation of this Code or that might seriously affect the Company’s reputation (whether or not the Company is victimized) must promptly report the relevant facts to the appropriate persons in accordance with the reporting procedures described below. To encourage Employees, officers and directors to report such violations, the Company will not allow retaliation for any such reports made in good faith by Employees, officers or directors. Any such reports will be kept anonymous and confidential at the reporting person’s request, except where disclosure is required to investigate the matter or by legal process or applicable laws, rules or regulations. Employees, officers and directors are expected to cooperate in providing facts and information requested by senior managers or other authorized officers or the Board of Directors, and with respect to internal investigations of misconduct by the Company or the Board of Directors, to the fullest extent permitted by law. Persons making a report knowing it is false or willfully disregarding its truth or accuracy, or engaging in any other bad faith use of the reporting system, are in violation of this Code.

The reporting person should make full disclosure of all pertinent facts and circumstances, taking care to distinguish between matters that are certain and matters that are suspicions, worries or speculation, and also taking care to avoid premature conclusions or alarmist statements since the situation may involve circumstances unknown to the reporting person.

Any alleged violation of this Code should be promptly reported to a member of the Audit Committee of the Board of Directors. The members of the Audit Committee include Michael Hubbard and Stephen Morlock, who can be reached at michael@hubbard.bz and swmorlock@gmail.com respectively.

How Can You Determine if a Violation of this Code has Occurred?

It may be difficult to determine if a violation of this Code has occurred. You may also encounter a situation in which it is difficult to determine how to proceed while also complying with this Code. Since not every situation that will arise can be anticipated, it is important to have

a way to approach a new question or problem. When considering these situations, Employees, officers and directors should:

- *Make sure to have all the facts.* In order to reach the right solutions, all relevant information must be known.
- *Ask specifically about the action being contemplated (including any action you are being asked to take) and whether it seems unethical or improper.* This will enable Employees, officers and directors to focus on the specific question, and the alternatives he or she has. If something seems unethical or improper, it probably is.
- *Understand that person's individual responsibility and role.* In most situations, there is shared responsibility. Are other colleagues informed? It may help to get others involved and discuss the problem.
- *For Employees, discuss the problem with a supervisor.* This is the basic guidance for all situations. In many cases, supervisors will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Employees should remember that it is the responsibility of supervisors to help solve problems and ensure that the Company complies with this Code.
- *Always ask first, act later:* When unsure of what to do in any situation, Employees, officers and directors should seek guidance and ask questions before the action in question is taken.

Violations

Each person is accountable for his or her compliance with this Code. Disciplinary measures that may be imposed for violating this Code include, but are not necessarily limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, termination of employment and/or restitution. Any illegal action will be dealt with swiftly, and the violators will be reported to the appropriate authorities. These disciplinary measures could extend to the violator and others involved in the wrongdoing, such as persons who fail to use reasonable care to detect a violation, persons who if requested to divulge information withhold material information regarding a violation, and supervisors who approve the violations or attempt to retaliate against Employees, officers or directors for reporting violations or violators. Each case will be judged by the Board of Directors or the Audit Committee of the Board of Directors on its own merits, considering the duties of the person and the significance of the circumstances involved. Employees, officers and directors should understand that it is a violation of this Code to intimidate or impose any form of retribution on any employee or agent who utilizes the Company's reporting system in good faith to report suspected violations of this Code.

Any Employee, officer or director to whom this Code has been provided may be required, from time to time, to sign a written affirmation stating that the person (1) has received and read this Code and understands its contents, (2) has not violated this Code, and (3) has no knowledge of any violation of this Code that has not been communicated previously in accordance with the reporting procedures contained in this Code. Even if an Employee, officer or director has not been asked to provide such a written affirmation, they are still subject to all of the provisions set forth in this Code.

Administration/Amendment

The Board of Directors, in its sole and absolute discretion, will resolve any questions regarding the interpretation of the matters described in this Code as they relate to any Employee, officer or director, and any such decision by the Board of Directors will be binding. Only the Board of Directors or a properly authorized committee thereof may make any amendment to this Code. If this Code is amended, any required public disclosure of such amendment will be made in accordance with applicable legal requirements and stock exchange regulations.

No Rights Created

This Code is a statement of fundamental principles, policies and procedures that govern the Company's employees in the conduct of Company business. It is not intended to and does not create any legal rights for any business partner, supplier, competitor, stockholder or any other non-employee or entity.