

STANDARDS OF BUSINESS ETHICS

HOT TOPIC, INC.

Hot Topic, Inc. and its subsidiaries or divisions, as applicable (the "Company") is committed to maintaining the highest standards of business ethics. These Standards of Business Ethics reflect the business practices and principles of behavior that support this commitment. References in these Standards of Business Ethics to "employees" are intended to cover officers and, except as otherwise specified herein, directors of the Company.

I. CONFLICTS OF INTEREST. Employees of the Company must avoid situations where their personal interests may conflict with the interests of the Company. Conflicts of interest arise where an individual's position or responsibilities with the Company present an opportunity for personal gain apart from the normal rewards of employment. They also arise where an employee's personal interests are inconsistent with those of the Company and create conflicting loyalties. Such conflicting loyalties may cause an employee to compromise his principles and responsibilities to the Company for personal gain.

It is not possible to detail every situation where conflicts of interests may arise. However, the following policies cover some of the areas that have a significant potential for conflict:

A. Speculation in Hot Topic, Inc. Securities and Misuse of Inside Information.

1. Employees who know of any material fact about the Company which has not been disclosed to the public (commonly known as "insider information") are prohibited by law from taking advantage of any purchaser or seller of the Company's securities who is not privy to such information. Employees may not engage in any transaction in the Company's securities while in possession of such information until such information is disclosed to the public. Employees must, at all times, comply with the Company's insider trading and windows policies as may be in effect from time to time. In addition, employees may not provide insider information to others. Misuse of insider information may result in civil and criminal penalties.

Generally, a material fact is one which a prudent investor would consider in reaching a decision to buy or sell the security involved. Examples of material facts are: knowledge of significant new products or discoveries, unexpected changes in sales or earnings figures, major contracts and plans for stock splits, acquisitions or mergers.

Restrictions discussed in this Section also apply to insider information relating to the Company's customers and suppliers.

Subject to the foregoing restrictions, officers and members of the Company's Board of Directors may engage in transactions involving securities of the Company. However, such persons, from time to time are subject to civil liabilities if they have both a purchase and a sale of Company securities within a period of six calendar months.

Employees who have questions regarding the sale or purchase of the Company's securities under circumstances where these laws and regulations might apply must consult with the Company's Chief Financial Officer, and must comply with any applicable pre-clearance or other trading restrictions.

2. Employees must not disclose data or information of a confidential nature concerning the Company or its products to anyone not employed by the Company except where such information is disclosed in the course of an employee's normal business activities and if appropriate, the Company has obtained from the recipient a written undertaking to protect such confidential information from misuse or unauthorized disclosure. Disclosure of confidential information can be harmful to the Company and could be the basis for legal action against both the Company and the employee disclosing the information.

3. An employee must not acquire any interest in real estate or in any business which he knows the Company to be interested in acquiring.

B. Personal Financial Interest.

Each employee must avoid any outside financial interests which might influence his decisions or actions as a Company employee. Such outside interests could include among other things:

1. A personal or family interest (any family relationship by blood, marriage or adoption not more remote than first cousin) in an enterprise which has business relations with the Company, either as a customer or a supplier, if such financial interest represents a material part of the employee or family interest's net worth or income.

2. An investment in another business which competes with the Company if the investment represents a material part of the income or net worth of the employee.

C. Outside Activities.

Employees must avoid outside employment or activities which would impair effective performance of their responsibilities to the Company either because of excessive demands on their time or because of the nature of the employment or activity. Any employee who desires to practice the trade or profession for which he has been hired by the Company outside the scope of his Company employment must obtain prior written approval from his Company supervisor. Of course, employees will also be bound by the terms of any applicable employment agreement or offer letter. This requirement does not apply to the Company's non-employee directors.

II. DEALINGS WITH SUPPLIERS. The Company is a valuable customer for many suppliers. People who want to do business or to continue to do business with the Company must understand that all purchases by the Company will be made exclusively on the basis of price, quality, service and suitability to the Company's needs.

A. Reciprocity.

Reciprocity is a harmful practice and a hindrance to assuring purchase of the best available materials or services at the lowest possible prices. A supplier of goods or services to the Company will not be asked to buy goods and services from the Company in order to become or to continue as a supplier.

Employees must not attempt to influence the Company's suppliers to purchase goods or services from the Company or from any customer of the Company in order to get its business. In arriving at purchasing decisions employees will not favor firms who are customers of the Company.

B. "Kickbacks" and Rebates.

Corporate purchases of goods or services must not lead to the Company's employees or their families receiving personal kickbacks or rebates. Employees or their families must not accept any form of payment, favor or gift.

C. Receipt of Gifts and Entertainment.

Even when gifts and entertainment are exchanged out of the purest motives of personal friendship, they may be misunderstood. They may appear as attempts to bribe an employee to direct the Company business to a particular supplier. To avoid both the reality and the appearance of improper relations with suppliers or potential suppliers, the following standards apply to the receipt of gifts or entertainment by Company employees:

1. Gifts.

Employees may not solicit gifts, gratuities, or any other personal benefit or favor of any kind from any supplier or potential supplier. Gifts include not only merchandise and products but also personal services, theater tickets, and tickets to sporting events. Employees may not accept gifts of cash and cash equivalents.

Employees may accept unsolicited non-cash and non-cash equivalent gifts provided:

- (a) they are items of nominal intrinsic value (e.g., under \$30); or
- (b) they are advertising or promotional materials, clearly marked with company or brand names.

The Company's Chief Financial Officer or Chief Executive Officer must be consulted where gifts of more than nominal value are offered to an employee by a company with which the Company does business.

2. Entertainment.

Employees must not encourage or solicit entertainment from any individual or company with which the Company does business. Entertainment

includes, but is not limited to, activities such as dinner parties, theater parties or sporting events.

From time to time employees may accept unsolicited entertainment, but only under the following conditions:

- (a) The entertainment is music related and supports the business objectives of Hot Topic, Inc. Examples of this are concert tickets and music related recognition events.
- (b) The entertainment occurs infrequently, again music related events being the sole exception to this policy;
- (c) It involves reasonable, not lavish, expenditures (e.g., under \$30); and
- (d) The entertainment takes place in settings that are appropriate and fitting to employees and their hosts.

III. DEALINGS WITH CUSTOMERS AND POTENTIAL CUSTOMERS. Employees must deal with customers and potential customers honestly and fairly. Bribes, kickbacks, gifts, under-the-table payments or other similar improper favors to customers or their representatives are prohibited.

IV. DEALINGS WITH PUBLIC OFFICIALS. Laws and regulations require Company employees to be in contact with public officials on a wide variety of matters. Employees who make these contacts have a special responsibility to uphold the Company's reputation.

Employees who contact public officials must understand lobbying laws and public disclosure requirements. This information may be obtained from the Company's Chief Financial Officer.

No employee shall make any form of payment, direct or indirect, to any public official as inducement to having a law or regulation enacted or defeated or for any other reason.

From time to time employees may entertain public officials, but only under the following circumstances:

- 1. The entertainment is not solicited by the public official.
- 2. The entertainment occurs infrequently.
- 3. It does not involve lavish expenditures.
- 4. The setting and type of entertainment is appropriate and fitting to our employees and the public official.

V. APPLICATION OF THE FOREIGN CORRUPT PRACTICES ACT. The Foreign Corrupt Practices Act was enacted in 1977 and amended in 1998 to penalize United States

companies and their employees, agents and consultants for bribing or attempting to bribe foreign officials, governments and political parties in order to secure business or any improper advantage. Among other things, it made foreign bribery a crime and mandated accounting control requirements to prevent off-the-book slush fund payments, kickbacks and other forms of unlawful or improper remuneration. While certain facilitating payments, where necessary to expedite or secure performance of routine governmental actions outside the United States, are not illegal, prior approval by senior management must be obtained before a facilitating payment may be offered.

Violations of the Foreign Corrupt Practices Act carry criminal and civil penalties. Criminal penalties include fines up to \$2,000,000 per company and \$250,000 per individual, plus a maximum imprisonment of five years. The Company expects strict compliance with this law as well as the other laws of the United States and of any foreign country in which the Company operates or conducts business. Any uncertainties regarding the application of a law, whether domestic or foreign, must be clarified with the Company's Chief Financial Officer.

VI. POLITICAL ACTIVITIES AND CONTRIBUTIONS. Federal law and the statutes of most states prohibit a corporation from contributing to a political campaign or to a political party. Improper corporate contributions could take the form of use of corporate facilities (for example, use of a photocopy machine to reproduce campaign literature) as well as cash. Employees who participate in partisan political activities must never imply that they speak or act for the Company.

No corporate action, direct or indirect, will be allowed that infringes on the right of each Company employee individually to decide whether, to whom, and in what amount, he or she will make personal political contributions of money or personal service.

VII. INTEGRITY OF RECORDS AND FINANCIAL REPORTS. The integrity of the Company's record-keeping and reporting systems will be respected at all times. Employees are forbidden to use, authorize, or condone the use of "off-the-books" bookkeeping, secret accounts, unrecorded bank accounts, slush funds, falsified books, or any other devices that could be utilized to distort records or reports of the Company's true operating results and financial conditions.

VIII. USE OF AGENTS AND NON-EMPLOYEES. Employees shall not use agents or others to circumvent the law or to engage in practices that run contrary to the Company's Standards of Business Ethics.

IX. STANDARDS COMPLIANCE.

A. Initial Distribution.

1. Current employees designated to receive these Standards of Business Ethics will receive their copies immediately after publication.
2. Future employees designated to receive these Standards of Business Ethics will receive their copies at the time of hire.

B. Acknowledgment - Each designated employee will:

1. Become thoroughly familiar with the Standards.
2. Resolve any doubts or questions about the Standards with his or her supervisor.
3. Inform his or her supervisor of any existing holdings or activities that might be or may appear to be at variance with the Standards.
4. Prepare a written disclosure of such information upon request of his or her supervisor.
5. Upon request of his or her supervisor, correct any variance with these Standards to bring holdings and activities into full compliance.
6. Sign the verification and turn it in to his or her supervisor who will make it a part of the employee's permanent corporate records.

C. Maintaining Compliance.

1. Each employee shall read and develop an understanding of the Standards and shall abide by them.
2. Supervisors will develop an awareness on the part of their employees of the importance of adhering to the Standards.
3. Designated employees will annually acknowledge in writing their understanding of the Standards and their compliance with them.
4. Employees will inform their supervisors of any situation or activity that might be, or appears to be, at variance with the Standards.

D. Audit of Compliance.

Regular audits of the Company may include procedures to test compliance with the Standards of Business Ethics.

X. STANDARDS VIOLATIONS. Employees must immediately report any suspected violation of the Standards to their supervisors or the Company's Chief Financial Officer or the Company's Chief Executive Officer. Supervisors receiving such reports must promptly and thoroughly investigate such reports and consult with the Company's Chief Financial Officer. If a violation is discovered, appropriate corrective action shall be taken immediately. If, for whatever reason, you are uncomfortable with the above communication process, please contact the confidential Business Abuse Hotline at (800) 241-5689.

Violations of these Standards may require restitution by the offending employee, and could lead to civil or criminal action. Violations shall be grounds for employee termination.

XI. CONTINUANCE OF EXISTING PERSONNEL POLICIES, RULES AND PERFORMANCE STANDARDS. The Company has personnel policies, rules and standards for employee performance which continue in force. These Standards of Business Ethics are intended to supplement and amplify those established personnel policies, rules and standards.

XII. UPDATING. The Company will periodically review the Standards and make appropriate additions or changes. Employees will be fully informed of all changes to the Standards.

ACKNOWLEDGMENT OF RECEIPT AND UNDERSTANDING

I have received and reviewed a copy of the Standards of Business Ethics for Hot Topic, Inc. I agree to be bound by the Standards. At this time I am not aware of exceptions or violations to the Standards of Business Ethics at Hot Topic, Inc.

Signature

Name (Please Print)

Date

Known exceptions to the Standards of Business Ethics for Hot Topic, Inc. are as follows:

