

To: All ESI Employees

Re: Introduction to Code of Conduct and Business Practices

Each of us is responsible for acting in accordance with high ethical standards. In this regard, all employees should avoid even the appearance of impropriety when acting on behalf of ESI. These guidelines are to help all of us better understand what we believe to be in the best interest of ESI employees, shareholders, those with whom we do business and the public. These guidelines are not designed to serve as a comprehensive review of ethical behavior. Rather, they are an overview of some of the most important principles that support the way we do business. To set out a specific code of conduct or to anticipate all of the problems that might arise is difficult. Good judgment and discretion are essential in determining the appropriate conduct for a particular situation. All business conducted by ESI employees and agents will be conducted, in all places and at all times, ethically and in conformance with applicable laws. Each of us is responsible for complying with these business practices and for reporting possible violations. If you have questions or are concerned that an action you or others are about to take is questionable, you should use the principles outlined here to help determine the proper course of action, or you should discuss the situation with your manager, or contact other company resources such as our anonymous reporting process through "ethics point," described below. As your President and CEO, I am also always available if you have a question about our Code of Conduct and Business Practices. The principles outlined in this document are important to all of us at ESI. Join me in embracing these principles and making them fundamental to our company and business practices.

Nick Konidaris
President and CEO

ESI CODE OF CONDUCT AND BUSINESS PRACTICES

Scope

This Code of Conduct and Business Practices applies to all directors, officers, employees and agents of ESI and its subsidiaries. It is essential that these business practices become the basis for all our business relationships.

Conflict of Interest

Conflicts of interest can be viewed as any activities that are inconsistent with or opposed to the best interests of ESI, or any activities that give the appearance of impropriety.

Although ESI employees are generally free to engage in personal financial and business transactions, this freedom is not unlimited. All employees have an affirmative duty to avoid situations where their loyalties may be divided between ESI's interests and their own interests. In this regard, all employees should avoid even the appearance of impropriety. While it is not possible to list all situations constituting unacceptable conflicts, some typical situations follow:

Outside Employment or Other Ventures

No employee may accept employment with or become directly or indirectly involved as an independent contractor consultant or otherwise with an ESI customer, supplier or competitor.

Outside Directorships

No employee may accept a position as a director of an ESI competitor. No employee may accept a directorship of a for-profit enterprise without the written approval of an officer of ESI. All employees must disclose to the Chief Financial Officer any directorships of a for-profit enterprise.

Financial Interest in Other Business

ESI employees may not own a financial interest in any ESI customer, supplier or competitor (other than small amounts of stocks or bonds in publicly-traded companies) that might cause divided loyalty or even the appearance of divided loyalty.

Payment from Outside Parties

ESI employees and members of their immediate families may not accept any gift, payment, loan or other favor from an ESI customer, supplier or competitor other than as specified in the ESI Employee Handbook.

Reporting Potential Conflicts

In accordance with the ESI Employee Handbook, each employee must promptly disclose actual or potential conflicts of interest to the Chief Financial Officer. The Chief Financial Officer will review the matter and communicate ESI's position.

Employee Relations

Detailed information about employment guidelines and procedures is contained in the ESI Employee Handbook. The handbook contains considerable information of assistance including information on the following topics:

- Equal Employment Opportunity and Workforce Diversity
- Affirmative Action
- Reasonable Accommodation for Employees with Disabilities
- Unlawful Harassment
- Alcohol and Drug Use
- Workplace Safety

Compliance with Laws and Fair Dealing

Each director, officer and employee of ESI shall comply with all applicable laws, rules and regulations and shall endeavor to deal fairly and in good faith with ESI customers, shareholders, employees, suppliers, regulators, business partners, competitors and others. No director, officer or employee shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation, fraudulent behavior or any other unfair dealing practice.

Proprietary Information

All employees are responsible for protecting the confidentiality of proprietary and other confidential information and trade secrets of ESI, its customers and vendors. "Proprietary and other confidential information" includes, but is not limited to, technologies, product or marketing strategies, areas of research, new product development data, production data and descriptions, sales data, information about customers or vendors, and customer or vendor-supplied information. The obligation to preserve confidential information continues even after employment ends. Refer to the ESI Employee Handbook for more information.

Preserving ESI Assets

Employees are responsible for preserving ESI's assets, including its property (including physical and intangible assets, such as patents, copyrights and trade secrets), facilities and equipment. This requires that employees safeguard any company-owned equipment which has been assigned to them or any supplier or customer-owned equipment which has been entrusted to ESI. Employees may not make improper use of ESI or customer resources or permit others to do so. Use of ESI property, personnel, facilities, equipment or information for non-ESI purposes is permitted only with the approval of managers having authority to permit such usage. Use of ESI assets for any unlawful or improper purpose is strictly prohibited.

Record Keeping

ESI requires honest and accurate recording and reporting of information in order to make responsible business decisions. All of ESI's books, records, accounts and financial statements must be maintained accurately in reasonable detail, must appropriately reflect ESI's transactions and must conform both to applicable legal requirements and to ESI's system of internal controls. Records should always be retained or destroyed according to ESI's Record Retention Policy. A copy of this policy can be found on the Legal page on the ESI Intranet.

Computer Software

ESI and ESI employees must comply with all applicable laws governing the use of commercial software for personal computers. Refer to ESI's Software Code of Ethics in the ESI Employee Handbook.

Insider Information / Trading

The ESI Insider Trading Policy provides rules for trading in ESI stock by ESI employees and prohibits use of material inside information about ESI. The Insider Trading Policy is available on the Legal page of the ESI Intranet site or may be obtained from the Chief Financial Officer. Federal and state securities laws make it illegal for any ESI employee to buy or sell ESI stock at a time when in possession of "material, nonpublic information" relating to the company. This conduct is known as "insider trading." Passing material, nonpublic information on to someone who may buy or sell securities (which is known as "tipping") is also illegal. These prohibitions apply to stocks, options, or any other securities of ESI, as well as to securities of other companies if you learn something in the course of your duties that may affect their value. The ESI Insider Trading Policy also prohibits short selling ESI stock.

"Material, nonpublic information" is information about a company that is not known to the general public and is likely to influence a typical investor's decision to buy, sell or hold the company's securities.

Shareholder and Media Relations

ESI is a publicly traded company and the securities laws regulate communications with ESI shareholders. Communication from any shareholder, analyst or investment advisor requesting information relating to ESI should be forwarded to the Investor Relations contact for proper handling. News media contact and responses and public discussion of company business should only be made through the company's authorized spokesperson. If you are questioned by the news media, you should refer them to the Investor Relations contact.

ESI strongly discourages participation in Internet chat rooms or other on-line forums relating to the trading of ESI's Common Stock. In no event should such activities occur through ESI-provided Internet access or otherwise during an employee's scheduled work time. For further information regarding the use of ESI-provided Internet access, please consult ESI's Internet Usage Policy.

Legal Disputes

Employees involved with a lawsuit or other legal dispute regarding ESI must refrain from discussing it with either outsiders or other ESI employees without the prior approval of ESI's Chief Financial Officer.

Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (FCPA), which applies to ESI and its subsidiaries worldwide, prevents any person acting on behalf of ESI from making a payment to a foreign governmental official to obtain or keep business. Company policy strictly forbids these payments. The legal penalties involved may be severe for both the individual and the company. ESI's policy and guidelines for compliance with the FCPA are set forth in its Foreign Corrupt Practices Act Compliance Policy which can be found at the Legal page of ESI's Intranet site.

Environmental Compliance

Federal law imposes criminal liability on any person or company that contaminates the environment with any hazardous substance that could cause injury to the community or environment. ESI is committed to reducing its use of hazardous materials, conserving natural resources and reducing the environmental impact of waste generations. ESI insists upon safe handling of hazardous materials by employees, customers and suppliers to prevent regulatory violations which can lead to fines or imprisonment.

International Operations

Persons acting on behalf of ESI are expected to comply with our policies applicable to international business transactions and with the legal requirements and ethical standards of each country in which such person conducts ESI business, as well as all laws applicable in other countries.

It is the policy of ESI to comply fully with customs laws, regulations and policies in all countries where ESI does business. Accurate customs information on shipping documents is required for all international shipments.

It is also the policy of ESI to strictly comply with United States' laws that govern the import, export and re-export of our products. Any violation of these laws, even through ignorance, could have damaging and long-lasting effects on our business.

When importing products, you must obey the import requirements of various governmental agencies. All questions and inquiries for information pertaining to the identity, value or duty due on imported products must be answered truthfully and completely.

When exporting or re-exporting products, you must comply with the laws and regulations of the U.S. Department of Commerce and other laws pertaining to the export and re-export of products, spare parts, accessories, training materials and technical data. Current United States' policies also require that you are cautious when disclosing restricted technical data in the United States to a non-U.S. citizen working in the United States. In some cases, you may be required to obtain individual export authorizations for certain members of our workforce who have access to controlled technology, software or information while they are working in the United States.

The intent of the United States' export control laws is to protect national security, support foreign policy and prevent the proliferation of chemical and biological weapons, missile technology and nuclear capability. If your responsibilities include exporting products, you are responsible for screening customers and transactions to ensure that we comply with all export requirements.

Improper Payments

ESI employees should not directly or indirectly offer or solicit any kind of improper payments or contributions for the purpose of: (i) influencing customers or suppliers including their officials or employees; (ii) obtaining or keeping business; (iii) persuading officials or employees of another company to fail to perform or inadequately perform their duties; or (iv) influencing legislation or regulations.

Antitrust Laws

The purpose of the antitrust laws is simple: to encourage competition. ESI supports the antitrust laws and subscribes to the philosophy of competition and free enterprise that underlies them.

In addition to U.S. laws, there are foreign antitrust laws which may apply to any international activities. Violation of applicable antitrust laws is a serious offense and can result in severe penalties, including discharge, criminal and civil penalties for business entities and imprisonment for individual employees.

The antitrust laws generally prohibit agreements or actions in restraint of trade. Among the activities found to be clear violations of the law are agreements or understandings among competitors to fix or control prices; to boycott specified suppliers or customers; to allocate product territories or markets; or to limit or reduce production.

Political Contributions

ESI employees may not use any ESI property, personnel, facilities, funds or assets for U.S., state or local political contributions unless approved by the Chief Financial Officer.

Antifraud Program

ESI has developed and implemented its antifraud program to guard against fraudulent financial reporting, misappropriation of assets, fraudulently obtained revenue and assets, or fraudulent avoidance of costs and expenses. The Antifraud Program can be found on ESI's Intranet site.

Reporting Illegal or Unethical Behavior

ESI is committed to providing a workplace conducive to open discussion of its business practices. Employees are encouraged to talk to supervisors, managers and other appropriate personnel about behavior they perceive as illegal or unethical and when in doubt about the best course of action in a particular situation. In situations where an employee is unable to speak to his or her supervisor or other manager, reports should be made directly to either the President or Chief Financial Officer. The Chief Financial Officer is responsible for receiving, collecting, reviewing, processing, and resolving concerns and reports by employees.

Reporting of ESI's Code of Conduct and Business Practices Concerns

ESI has established a procedure by which concerns about ESI's Code of Conduct may be raised anonymously. Concerns submitted through this confidential process will be presented to the Audit Committee of ESI's Board of Directors on a periodic basis. Employees who wish to make a confidential, anonymous report about ESI's Code of Conduct can do so at:

www.ethicspoint.com or by calling **866-ETHICS-P (866-384-4277)**.

Responses to Reports

It is ESI's policy not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees who file reports or provide evidence which they know to be false or without a reasonable belief in the truth and accuracy of such information may be subject to disciplinary action, including termination of their employment. Employees are expected to cooperate in internal investigations of misconduct.

Code of conduct and Business Practices Violations

Violating the Code of Conduct will result in remedial consequences. Depending upon the facts and circumstances involved in each situation, management may initiate a corrective action ranging from performance coaching to dismissal.

Additional Information

It is ESI's intent to conduct its business in a way that not only conforms to the letter of the law, but also promotes the spirit of fairness and honesty behind the laws. You should get help from your manager or other company resources whenever you are in doubt as to the proper course of action. Any waivers of this Code for executive officers or directors may be made only by the Board of Directors and must be promptly disclosed to shareholders as required.

Applicable Policies

The following policies maintained by ESI are specifically referenced by, or are applicable to, the ESI Code of Conduct and Business Practices:

- ESI Employee Handbook
- Record Retention Policy
- Software Code of Ethics
- Insider Trading Policy
- Internet Usage Policy
- Foreign Corrupt Practices Act Policy
- Antifraud Policy
- Email Policy

As Revised and Approved on April 12, 2007.

Contact Information:

Paul Oldham
Vice President, Finance & Administration and Chief Financial Officer
Phone: 503-671-7028
Fax: 503-671-5698
Email: oldhamp@esi.com