



GENERAL COMPLIANCE POLICY & PROCEDURE

Department: All Departments		General Policy: 001
Subject: Code of Ethics	Product: All Product Lines	HCPCS: N/A
Original Date: August 28, 1998		
Change Order: C010332 Rev A		CO Approval Date: October 3, 2001
C020235 Rev B		CO Approval Date: November 1, 2002
C040002 Rev C		CO Approval Date: March 8, 2004
C040006 Rev D		CO Approval Date: May 4, 2004

CODE OF ETHICS

I. INTRODUCTION

OrthoLogic Corp. ("the Company") is committed to conducting its business lawfully and ethically. As the Company's reputation is the sum of the reputations of its employees, management and directors, it is critically important that they meet the highest standards of legal and ethical conduct. To protect the Company's reputation and to assure uniformity in standards of conduct, this Code of Ethics has been established as part of its Corporate Compliance Program.

This Code of Ethics establishes the general guidelines with which all the Company employees and directors must comply to ensure that their conduct conforms to the highest ethical standards and is in accordance with all applicable laws, rules and regulations. In addition, portions of the Code of Ethics apply only to the Chief Executive Officer, Chief Financial Officer and Controller. These general guidelines are not meant to cover all situations. Any doubts whatsoever as to the propriety of a particular situation, whether or not the situation is described within this Code of Ethics, should be submitted either to an immediate supervisor or to the Corporate Compliance Committee. The intent of the Corporate Compliance Program is to safeguard the Company's tradition of strong moral, ethical and legal standards of conduct.

Every employee and director of the Company is required to understand and comply fully with both the rules and approval procedures established by this Code of Ethics. The standards of conduct that govern the Company's relationship with the government are applicable to all company representatives, whether or not the person is directly engaged in performing activities relevant to any federal, state or private contracts. Decisions regarding requests for interpretation of or exception to this Code of Ethics may be made only by the Board of Directors with the guidance of the Compliance Officer. Any employee violating the provisions of this Code of Ethics will be subject to disciplinary action, up to and including

discharge from employment. Any director violating the Code of Ethics will be subject to review by the Board of Directors. To the extent that any additional policies are developed as part of the Corporate Compliance Program, those policies should be consistent with this Code of Ethics. In case of any inconsistency, this Code of Ethics shall govern.

II. COMPLIANCE WITH ALL LAWS AND REGULATIONS

All of the Company's employees and directors must scrupulously comply with all federal, state and local laws and government regulations. Any actual or perceived violation of this Code of Ethics, the Corporate Compliance Program or any other the Company policy must immediately be reported to the Company's Compliance Officer, on behalf of the Board of Directors.

III. DEALING HONESTLY WITH CUSTOMERS, OTHER SUPPLIERS AND CONSULTANTS

A. Quality of Service

The Company is committed to providing products and services that meet all contractual obligations and quality standards.

B. Contract Negotiation

The Company has an affirmative duty to disclose current, accurate and complete cost and pricing data where such data are required under appropriate federal or state law or regulation. Individuals involved in the pricing of contract proposals or the negotiation of a contract must ensure the accuracy, completeness and currency of all information and representations made to customers, both government and commercial. A representation, quotation, statement or certification that is false, incomplete or misleading that is submitted to a federal government customer, can result in civil and/or criminal liability for the Company, the involved employee and any supervisors who condone such a practice.

C. Competitive Analysis

In conducting market analyses, the Company's representatives should not accept or use information known to be proprietary to a competitor. Supervisors must ensure that a competitor's proprietary information is not improperly obtained or used in any improper fashion.

D. Antitrust Issues

Antitrust laws apply to all commercial and federal domestic (and some foreign) transactions by the Company. The laws are designed to ensure that competition exists and to preserve the free enterprise system. As this is a highly complex area, and this policy cannot cover all situations in which antitrust laws may apply, individuals promptly refer any questions to the Compliance Officer, who will consult legal counsel as required. Antitrust issues that may be encountered are in the areas of pricing, boycotts and trade association activity.

Examples of actions that violate the antitrust laws and that must not be engaged in under any circumstances include entering into or negotiating an agreement with one or more competitors to: (a) fix prices at any level or to fix other terms of service; (b) allocate customers or markets; or (c) boycott a supplier or customer. In addition, individuals must refrain from engaging in unfair practices that might restrict competition. For example, do not discuss pricing schemes or market divisions with competitors to avoid implicating these prohibitions. In addition, refrain from reciprocal agreements and do not require purchasers to buy from the Company under any kind of coercion, express or implied.

E. Anti-kickback and False Claims Issues

Federal and state laws prohibit the Company, its employees and directors from offering or accepting any form of remuneration, including a kickback, bribe or rebate, to an entity or person to induce that customer or potential customer (including physicians, hospitals or other provider/suppliers) to purchase services from or to refer a patient to the Company. In addition, there are laws that prohibit the filing of false and fraudulent claims to both governmental and private third-party payors.

Examples of the types of actions that could violate the federal Anti-kickback Statute (the “**Anti-kickback Statute**”) and similar state anti-kickback laws include the following:

- 1) Offering or paying anything of value to induce someone to refer a patient to the Company;
- 2) Offering or paying anything of value to induce someone to purchase items or services from the Company;
- 3) Soliciting or receiving anything of value for the referral of the Company patients; or

- 4) Offering free goods to induce the person or entity to purchase or order any items or services from the Company.

F. Providing Business Courtesies to Customers or Sources of Customers

The Company's success in the marketplace results from providing proprietary and innovative technologies with outstanding customer support services. The Company does not seek to gain an improper advantage by offering business courtesies such as entertainment, meals, transportation or lodging to potential referral sources or purchasers of any items or services furnished by the Company. In light of the Anti-kickback Statute and other federal and state laws, employees should never offer any type of business courtesy to a referral source or purchaser for the purpose of obtaining favorable treatment or advantage or to induce such person or entity to purchase or order any items or service from the Company.

To avoid even the appearance of impropriety, representatives of the Company must not provide any referral source or purchaser with any gifts, meals, or promotional items that have more than a nominal value of greater than \$50 without the express approval of the Company's Compliance Officer. An employee may provide or pay travel or lodging expenses of a customer or potential referral service only with the advance approval of the corporate officer responsible for its unit or group, or a designee, and the additional approval of the Compliance Officer.

G. Government Health Care Program Agreements

On a regular basis, the Company is a party to numerous agreements with governmental health care programs such as the Medicare or Medicaid programs. It is essential that all employees are knowledgeable of, and comply with, all of the applicable laws, rules and regulations of all such governmental agencies. Billing Personnel also must comply with the Company's Corporate Policy on Reimbursement and Billing Policies and Procedures. Anyone who may have a concern or a question concerning compliance with any governmental contract or subcontract should contact their supervisor or the Compliance Officer.

The Company representatives also may not provide or pay for any meal, refreshment, entertainment, travel or lodging expenses for government employees without the prior approval of the Compliance Officer. State, local and foreign governmental bodies may also have restrictions on the provision of business courtesies, including meals and refreshments. The Company's representatives doing business with such governmental bodies are expected to know and respect all such restrictions.

IV. AVOIDING ABUSES OF TRUST

The Company expects its employees and directors to avoid engaging in any activity that might interfere or appear to interfere with the independent exercise of the person's judgment in situations where the individual's personal interests might detract from or conflict with the Company's best interest or the interests of the Company's customers or suppliers.

A. Conflict of Interest

No representative of the Company may have any employment, consulting or other business relationship with a competitor, customer or supplier, or invest in any competitor, customer or supplier (except for moderate holdings of publicly traded securities) unless advance written permission is granted by the Compliance Officer on behalf of the Board of Directors. Advance written permission of the Compliance Officer, on behalf of the Board of Directors, also is required before an individual may invest in any privately held company or entity that performs services for the Company or that employs providers who may refer patients to the Company. In addition, directors and executive level employees must obtain waivers and written permission directly from the Board of Directors.

B. Acceptance of Business Courtesies

Never accept anything of value from someone doing business with the Company or someone whose services are subject to the Company's review if the gratuity is offered or appears to be offered in exchange for any type of favorable treatment or advantage. To avoid even the appearance of impropriety, do not accept any gifts or promotional items of more than nominal value. Gifts received which are valued in excess of \$50 must be reported to the Compliance Officer. A representative may accept meals, drinks or entertainment only if such courtesies are unsolicited, infrequently provided and reasonable in amount. Such courtesies must also be directly connected with business discussions, unless an exception is approved by a supervisor. Do not accept reimbursement for lodging or travel expenses or free lodging or travel without the express written approval of the corporate officer responsible for the unit or group.

C. Government Proprietary and Source Selection Information

The Company does not solicit nor will it receive any sensitive proprietary internal government information, including budgetary, program or source selection information, before it is available through normal processes.

V. REPORT TO BOARD OF DIRECTORS

At least annually, the Corporate Compliance Officer shall report to the Company's Board of Directors concerning: (1) the Company's adherence to the standards of legal and ethical conduct contained in the Code of Ethics; and (2) the Compliance Program, generally.

VI. REPORTING VIOLATIONS AND DISCIPLINE

Strict adherence to this Code of Ethics is vital. Supervisors are responsible for ensuring that employees are aware of and adhere to the provisions of the Code of Ethics. For clarification or guidance on any point in the Code of Ethics, please consult the Compliance Officer.

Employees are expected to report any suspected violations of the Code of Ethics or other irregularities to their supervisor or the Compliance Office within five (5) working days. All reports must contain sufficient information for the Compliance Officer to investigate the concerns raised. No adverse action or retribution of any kind will be taken by the Company against an employee because he or she reports a suspected violation of this Code of Ethics or other irregularity by any person. The Company will attempt to treat such reports confidentially.

Upon receipt of credible reports of suspected violations or irregularities, the Compliance Officer shall immediately begin a detailed investigation and take corrective action where appropriate. Violations of the Code of Ethics may result in discipline ranging from warnings and reprimand to discharge or, where appropriate the filing of a civil or criminal complaint. Disciplinary decisions will be made by operating management in accordance with the Company's Corrective Action Plan, and is subject to review by the Compliance Officer or designee. Employees will be informed of the charges against them and will be given the opportunity to state their position before disciplinary action is imposed.

VII. LIMITATION ON EFFECT OF CODE OF ETHICS

Nothing contained in this code of Ethics is to be construed or interpreted to create a contract of employment, either express or implied, nor is anything contained in this Code of Ethics intended to alter a person's status of employment with the Company to anything but an "employment-at-will" relationship.

VIII. RESERVATION OF RIGHTS

The Company reserves the right to amend the Code of Ethics, in whole or in part, at any time and solely at its discretion.

IX. SECTIONS OF THE CODE OF ETHICS THAT APPLY ONLY TO SENIOR OFFICERS.

A. Introduction.

These sections of the OrthoLogic Code of Ethics apply only to the Chief Executive Officer, Chief Financial Officer and Controller, if any, and have been adopted to promote honest and ethical conduct, proper disclosure of financial information in the Company's periodic Securities and Exchange Commission reports, and compliance with applicable laws, rules, and regulations by the Company's senior officers who have financial responsibilities.

B. Applicability.

As used in this section of the Code of Ethics, the term "senior officer" means Orthologic's Chief Executive Officer, Chief Financial Officer and Controller, if any.

C. Principles and Practices.

In performing his or her duties, each of the senior officers must:

1. maintain high standards of honest and ethical conduct and avoid any actual or apparent conflict of interest as defined in Orthologic's Code of Ethics section IV(A);
2. report to the Audit Committee of the Board of Directors any conflict of interest that may arise and any material transaction or relationship that reasonably could be expected to give rise to a conflict;

3. provide, or cause to be provided, full, fair, accurate, timely, and understandable disclosure in reports and documents that Orthologic files with or submits to the Securities and Exchange Commission and in other public communications;
4. comply and take all reasonable actions to cause others to comply with applicable governmental laws, rules, and regulations; and
5. promptly report violations of those sections of the Code of Conduct which apply only to senior officers to the Audit Committee.

Senior officers must also comply with the rest of the Code of Ethics generally.

D. Waiver.

Any request for a waiver of any provision of these sections of the Code of Ethics applying only to senior officers must be in writing and addressed to the Audit Committee. Any waiver of these sections of the Code of Ethics will be disclosed promptly to the public by means approved by the Securities and Exchange Commission.

E. Compliance and Accountability.

The Audit Committee will assess compliance with this Code, report material violations to the Board of Directors, and recommend to the Board appropriate action.

F. List of Exhibits:

A. Statement of Understanding of and Compliance with the Company's Code of Ethics and Compliance Program



STATEMENT OF UNDERSTANDING OF AND COMPLIANCE WITH THE COMPANY'S CODE OF ETHICS AND COMPLIANCE PROGRAM

I certify that I have received, read and understand the Company Code of Ethics and the Corporate Compliance Program. I acknowledge my commitment and responsibility to follow the standards, policies and procedures discussed in the Company Code of Ethics and the Corporate Compliance Program when I am involved in activities on the Company's behalf.

I also acknowledge my personal responsibility to seek guidance when I have questions or need further clarification, and to report any alleged or suspected violation of any laws, regulations, the Company Code of Ethics or the Corporate Compliance Program to my supervisor or the Compliance Officer.

I understand that any violation of any laws, regulations, the Company Code of Ethics, the Corporate Compliance Program or any other corporate compliance policy or procedure including, but not limited to, my failure to report any alleged or suspected violations of such policies is grounds for disciplinary action, up to and including discharge from my employment with the Company.

I also certify that I have not been convicted of, or charged with, a criminal offense related to health care nor have I been listed by a federal agency as debarred, excluded or otherwise ineligible for participation in federally funded health care programs.

Signature

Date

Print/Type Name

Position

Please return this form to the Corporate Compliance Office.