

IMSI
CODE OF ETHICS
AND
BUSINESS CONDUCT

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Statement of Policy

We all must:

- Know and follow the Code of Ethics and Business Conduct (the “Code”).
- Know and comply with the requirements and expectations that apply to our jobs.
- Take responsibility for our own conduct.
- Report violations of law or the Code.
- Cooperate with any investigation of a potential ethics or business conduct violation.
- Help IMSI meet its commitments to shareholders.
- Help safeguard the Company’s reputation for integrity in our business dealing.
- Seek assistance when we have questions about IMSI’s code of business conduct or when faced with a challenging ethical situation.
- Never act unethically, even if directed by another person to do so.
- Retain a copy of the Code for easy reference.

Introduction

The Company has established guidelines for business conduct flow that from our purpose, core values and principles. These key elements are of the utmost importance for the proper conduct and respect for all individuals in the quest for common prosperity.

IMSI depends on the character of its people. That character is reflected in our core values which include attracting and recruiting quality, knowledgeable, honest people with leadership skills and a passion for doing their best. We respect our colleagues, customers, suppliers, and consumers and strive to treat them with the utmost respect. We have confidence in each other’s capabilities and intentions.

The following principles flow from our purpose and core values:

- **We show respect for all individuals.**
- **The interests of the IMSI and the individual are inseparable.** We believe that doing what is right for the business with integrity will lead to mutual success for both the IMSI and the individual.
- **We strategically focus on our work.**

- **We are focused on understanding the consumers and their needs.**
- **We encourage and expect outstanding technical mastery and executional excellence.**
- **We strive to be/do the best in all areas of strategic importance to the company.**
- **We work together with confidence and trust, and we build positive relationships with all the parties who contribute to fulfilling our corporate purpose, including customers and suppliers.**

IMSI is committed to complying with all laws and regulations where we conduct our business activities. The Company expects every employee to know the laws and policies that apply to their activities, and to conduct them with uncompromising honesty and integrity.

Some business activity is not governed by any law, and some laws and regulations set standards far below the expectations of our company. In these situations, an employee should be able to answer “yes” to the following questions before taking action:

- Is this action the “right thing to do”?
- Would this action withstand public scrutiny?
- Will this action uphold IMSI’s reputation as an ethical IMSI?

If the answers are not an unqualified “yes,” we don’t do it.

No corporate code can cover every possible question of business conduct. When in doubt—ask before you act.

Each employee is responsible to uphold the Code. Our Chief Financial Officer (currently Bill Bush) and the Director of Human Resources (currently Jacki Wandrey), will administer overall compliance with this Code of Ethics and Business Conduct. Inevitably, the Code addresses questions that escape easy definition. There will be times when you may be unsure about how the Code applies. In such cases, feel free to contact either our CFO (ext. 4039) or Director of Human Resources (ext. 4008).

Any reference to IMSI or the Company is understood to be a reference to International Microcomputer Incorporated, a California corporation, and its subsidiaries.

Compliance with Laws and IMSI Business Conduct Policies

IMSI employees (worldwide) are expected and directed to comply with all laws and all IMSI business conduct policies relating to their business activities.

It is also each employee's responsibility to know and understand legal and policy requirements as they apply to their job and to notify management when they believe a violation of law or IMSI policies has occurred.

Accuracy of IMSI Records

Each employee must help maintain the integrity of IMSI's financial records.

No Code can review the extensive accounting requirements which IMSI must fulfill. The IMSI's business records are depended upon to produce reliable and accurate reports to management, shareholders, creditors, governmental entities and others. Thus, all official records of the conduct of the IMSI's business must be accurate, honest and complete, without any restriction or qualification of any kind. This means the accuracy of any records involves both factual documentation and ethical evaluation or appraisal.

All IMSI operations (worldwide) must comply with all local and national laws relating to the accurate and complete maintenance of IMSI financial books and records.

Employees are expected to be honest, objective and loyal in the performance of record keeping responsibilities. However, because loyalty includes never knowingly being a part of any illegal or unethical activity, there is no excuse for a deliberately false or misleading IMSI record.

While only a few IMSI employees maintain actual accounting records, many IMSI employees help keep the company's records. Whether you track hours worked for billing to outside sources, use business expense accounts or participate in the company's official records, accurate documentation is critical. Employees may not participate in any misstatement of IMSI's accounts. At the same time, no circumstances justify the maintenance of "off-the-books" accounts to facilitate questionable or illegal payments. All contracts under which funds are disbursed shall accurately state the purposes for which these funds are paid and shall not be misleading.

Securities Trading Policies

Never trade securities on the basis of confidential information acquired at the workplace.

Insider trading is a serious crime. The offense may occur when, for example, a person trades stock while in possession of material, non-public information about the IMSI involved. Material information is any information that an investor would reasonably consider important in making investment decisions. Examples include knowledge of acquisitions or divestitures, new product launches or financial information. Information is "non-public" if it has not been released

to and absorbed by the investing public. An individual convicted of insider trading may face criminal penalties of up to ten years in prison and/or a \$1,000,000 fine.

To ensure fairness and integrity in financial markets and to avoid insider trading penalties, we do not trade in IMSI securities or those of any IMSI on the basis of material, non-public information acquired through our employment. In addition, non-public inside-information about IMSI must not be communicated without a legitimate business reason and proper leadership authorization.

All employees must also read and comply with the IMSI's "Policy Statement on Confidential Information and Securities Trading by Personnel" provided separately from this Code of Conduct.

Insider trading law is far from clear. An employee who is unsure how the law applies in a given instance, should ask before he or she trades. All questions should be referred to our General Counsel.

Contact with Government Officials

IMSI's policy is to comply with all applicable laws, rules and regulations relating to lobbying or attempting to influence government officials.

Bribery, kickbacks and other improper payments have no place in our business. In addition, information provided to governments must be accurate and interactions with government officers must be honest and ethical. All activities that might constitute lobbying or attempts to influence government officials must be reviewed first with legal counsel.

If your job involves business with foreign, national, state or local government, you must know the rules applicable to your job. If you are in doubt, do not make the mistake of interpreting rules by yourself. Discuss the matter with your supervisor or other management of the IMSI.

Conflicts of Interest

Avoid any situation in which your personal interests conflict with IMSI's interests.

Conflicts may arise when an employee, officer or director, or a member of his or her immediate family, receives improper personal benefits as a result of the person's position with the IMSI. Each employee owes IMSI a duty of loyalty. For that reason, all employees must exercise great care any time their personal interests conflict with IMSI's interests.

IMSI employees are free to engage in outside activities of their own free choice. It is important, however, that such activity does not adversely affect the conduct of IMSI's business, involve misuse of company position or resources, divert for personal gain any business opportunity from which IMSI may profit, or constitute a potential source of discredit to the IMSI name. The following is a list of prohibited conflicts of interest:

- Consulting with or employment in any capacity by a competitor, supplier or customer of IMSI.
- Having a substantial equity, debt, or other financial interest in any competitor, supplier or customer.
- Having a financial interest in any transaction involving the purchase or sale by IMSI of any product, material, equipment, services or property.
- Misusing IMSI's confidential proprietary information, including the unauthorized disclosure or use of such information.
- Using materials, equipment or other assets of IMSI for any unauthorized or undisclosed purpose.
- Receiving loans or guarantees of obligations from the Company without Board of Director authorization.

The Company policy regarding possible conflict of interest is based on the principle that an employee's decisions in the business must be made solely in the best interests of IMSI. To reach that decision, an employee should avoid influence from personal or family considerations which might affect his or her judgment as to what is in the best interests of IMSI.

Political Contributions and Related Policies

Generally IMSI's funds or resources may not be used to make a political contribution to any political candidate or political party anywhere in the world.

Exceptions to the basic policy are allowed only where such contributions are permitted by law and permission granted in advance by the Company's Chief Executive Officer. Company policies do not permit the use of any Company facilities or resources by employees for political campaigning, political fundraising or partisan political purposes. A decision by an employee to contribute any personal time, money or other resources to a political campaign or political activity must be totally voluntary.

Transacting International Business

Managers and employees of IMSI and any affiliates doing business around the world abide by special laws and regulations which apply to the import and export of products and technical data, as well as the conduct of business with non-U.S. entities.

We also comply with anti-boycott and international embargo regulations in all locations where IMSI does business. The U.S. Foreign Corrupt Practices Act prohibits payments, gifts or contributions to officials or employees of any foreign government or government-owned business for the purpose of getting or retaining business. In addition, the U.S. Foreign Corrupt Practices Act requires IMSI to maintain accurate and complete financial books and records.

Business Courtesies and Gratuities

We do not offer or accept kickbacks or bribes, or gifts of substantial value.

IMSI employees may only exchange non-monetary and generally modestly-valued gifts that promote goodwill with our business partners and do not improperly influence others. We will accept only approved and widely available discounts. We will not encourage, accept or exchange gratuities or payments for providing specific services.

Business courtesies and gratuities include but are not limited to gifts, meals, cocktails, discounts, hospitality, entertainment, recreation, promotional items, transportation and any tangible or intangible “item of value” for which the recipient does not pay fair market value.

IMSI employees may give or receive courtesies in company-related business dealings with customers or suppliers provided the following guidelines are met:

- They do not violate the law, regulations, reasonable customs of the market-place or the known policy of either party’s employer.
- They are reasonable in cost, amount, quantity and frequency.
- They are appropriate as to time and place.
- They do not influence or give the appearance of influencing the business judgment of the recipient.
- They can stand public scrutiny without damaging IMSI’s reputation.

Intellectual Property and Other Assets

One of IMSI's most important assets is its confidential corporate information. IMSI's legal obligations and its competitive position mandate that this information remain confidential.

Confidential information is critical to IMSI's competitive advantage. It must not be shared with others outside IMSI. This includes intellectual property and trade secrets, business plans, marketing and sales programs, customer lists, pricing policies, and company financial information.

Every IMSI employee is obligated to protect the Company's confidential information as well as that of its customers, suppliers and third parties who disclose information to IMSI in confidence. IMSI employees may not accept trade secrets or confidential information of a technical or business nature from a third party, unless specifically authorized to do so by an authorized manager or officer of the IMSI.

Protection and Use of IMSI Property

Our shareholders trust us to manage Company assets appropriately.

We will ensure that the Company's equipment, supplies and other assets are used for legitimate business purposes unless otherwise specifically authorized, and that we protect all tangible and intangible Company property.

Fair Dealing with Competitors, Customers and Suppliers

We respect the rights of competitors, customers and suppliers.

IMSI's success depends on building productive relationships with our customers and suppliers based on integrity, ethical behavior and mutual trust. In addition, customers have individual needs and expectations representing unique opportunities for mutual success.

The Company bases its worldwide supplier relationships on fundamental concepts of honesty, fairness, mutual respect and nondiscrimination.

We will not engage in activities with customers, suppliers or competitors that unfairly prevent or limit competition, or could appear to do so.

Personal Behavior in the Workplace

IMSI is committed to treating all of its colleagues with respect and to allow employees to progress based on their talents.

The IMSI strives to provide a safe, healthful and productive work environment. Each

employee has a personal responsibility to other IMSI employees and to the Company to help eliminate actions or circumstances which undermine the desired environment.

IMSI policy requires that individuals are to be considered for employment opportunities on the basis of merit, as measured against objective job requirements. Every good faith effort shall be made to implement programs designed to provide equal employment opportunity to all types of jobs and at all levels of the work force.

Our policy forbids any discrimination, harassment or intimidation because of race, color, religion, gender, age, national origin, citizenship, sexual orientation or disability. Employees are encouraged to bring questions or concerns in this area to their management.

Additionally, every employee is expected to perform his or her work in a safe manner, free of the influence of alcohol or drugs.

Environmental Compliance

IMSI will conduct business at all times in compliance with appropriate environmental laws and regulations. It is IMSI's policy to operate its facilities in a manner which protects the employees, the public and the environment.

Employee Privacy

IMSI respects employee privacy and dignity. We will only collect and retain personal information from employees that is required for the effective operation of the Company or as required by law. We will keep that information confidential and release it only to those who have a legitimate need to know.

Public Disclosure of Code and Related Matters

The existence and content of this Code of Conduct will be disclosed to shareholders and may be available on the Company's website. Any waiver of any of the provisions of the Code for executive officers or directors may be made only by the Board, with only the independent members voting, or a Board committee consisting of independent directors, and such waiver must be promptly disclosed to shareholders.

Discipline

Violations of this Code may lead to serious sanctions, including termination of employment for cause.

Reporting Suspected Problems

IMSI maintains an open door policy for employees to raise concerns and report observed violations of law or the Code of Ethics and Business Conduct without fear of retribution or retaliation.

If you have questions about an ethical situation, you should feel free to discuss the problem with your supervisor, with our Human Resources Director (Jacki Wandrey), or with our Chief Financial Officer (Bill Bush). You will be assured confidentiality, to the limit of the law.

Monitoring

IMSI will periodically reaffirm its commitment to its compliance program and will monitor for compliance with the Code of Ethics and Business Conduct.

Each year a training session will be held and a copy of the Code and the Certification of Compliance card will be distributed to each employee to remind employees of the contents of the Code as well as to reestablish their commitment to compliance with it.

Please make sure you return your certificate of Compliance Card

CERTIFICATE OF COMPLIANCE

This Certificate must be read and signed by all employees

I certify that I have received, read and understood IMSI's Code of Ethics and Business Conduct. I understand what types of conduct violate these policies and are considered outside the scope of my employment. I promise to comply with the terms of the code and understand that violation of these terms may lead to dismissal for cause.

Employee Signature

Date

Printed Name

IMSI Code of Ethics for Financial Employees

In my role as a member of the Finance department of IMSI, I certify to you that I adhere to and advocate the following principles and responsibilities governing my professional and ethical conduct.

To the best of my knowledge and ability:

- I act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
- I provide constituents with information that is accurate, complete, objective, relevant, timely and understandable.
- I comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- I act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing my independent judgment to be subordinated.
- I respect the confidentiality of information acquired in the course of my work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of my work is not used for personal advantage.
- I share knowledge and maintain skills important and relevant to my constituents' needs.
- I proactively promote ethical behavior as a responsible partner among peers in my work environment.
- I achieve responsible use of and control over all assets and resources employed or entrusted to me.

Signature