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ATS MEDICAL, INC.  
CODE OF CONDUCT

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## INTRODUCTION

ATS Medical is an organization that is committed to building and maintaining a high performance ethical culture. We require behavior that is lawful and ethical at all times. We have a responsibility to promote high standards by conducting our affairs in a clearly ethical manner. We also have a responsibility to obey applicable laws that directly affect the way we do business, such as laws that govern the manufacturing and sales of medical products and devices, antitrust laws, regulations relating to ATS Medical stock, and those that pertain to our relationships with our employees. We recognize that our standards of ethics and conduct may be higher than other organizations we interact with. Nevertheless, we obey these standards whether we agree with them or not.

If you have any questions about the legality, ethics, appropriateness of your actions, or that of another employee or manager, contact your supervisor, other department manager, Human Resources, or the company President and CEO.

## GUIDELINES RELATING TO OUR EMPLOYEES

ATS Medical is committed to a fair, healthy, and diverse workplace that has a focus on respect for people.

### EQUAL EMPLOYMENT OPPORTUNITY AND HARASSMENT

ATS Medical offers employment, training, compensation, and advancement on the basis of qualification and merit, regardless of race, color, creed, religion, national origin, sex, marital or family status, sexual orientation, status with regard to public assistance, disability, age, or membership or activity in a local commission or status as a Vietnam-era special disabled or other covered veteran and all other characteristics protected by law. ATS Medical will extend the same considerations to qualified disabled persons, consistent with the individual's abilities to perform job duties safely and efficiently.

Employees may not engage in any sexual or other harassment of co-workers, competitors, suppliers, or customers of ATS Medical and should fully support the directives included in the company's employee manual as it relates to these matters. All levels of supervision are responsible for monitoring and complying with company practices and procedures for the handling of employee complaints about harassment and other discrimination. Employees are encouraged and have responsibility to report practices that they feel are inappropriate.

### CONFIDENTIAL INFORMATION

ATS Medical has, and is expected to develop, certain intellectual property, trade secrets, and confidential information, hereafter referred to as confidential information, which includes concepts, products, processes, information, designs, ideas, policies, and procedures it uses in its business to give ATS Medical an advantage over competitors. Confidential information may be developed by employees or obtained as a result of employment with ATS Medical. Also of great value are the customer, physician, and employee relationships as well as the experience and knowledge regarding our products and the medical device industry which one gains while an employee of ATS Medical. In addition, ATS Medical holds other confidential information that employees may learn in the course of employment with ATS Medical but which may not constitute trade secrets. Such confidential information has independent economic value because the information is not generally known by nonemployees or through normal means.

All confidential information is important to the business of ATS Medical because it gives the company a critical advantage over competitors. It is deemed to be an asset of the company and should be protected by all. Our policy is that an employee, either during or after his or her employment with the company, may not and will not divulge any confidential information to any third party. This includes oral, written, and electronic disclosures. In addition, we expect our employees to honor any past confidential information that they obtained through prior employment and not disclose this information to ATS Medical in any way.

### HEALTH AND SAFETY

ATS Medical recognizes that the responsibilities for safe and healthful working conditions, including an alcohol and drug-free workplace, are shared in the following ways:

- Implementation of health and safety programs and policies and providing safeguards required to ensure safe and healthful conditions.
- An environment will be created by managers and supervisors where employees have genuine concern for the utmost in safety and health of all personnel involved.
- Employees will conduct their work in a safe manner and comply with all health and safety programs, policies, procedures, and laws.
- All accidents and injuries, no matter how minor, will be reported immediately.

## GUIDELINES RELATING TO OUR EMPLOYEES (cont.)

### CONFLICT OF INTEREST

Employees are expected to make decisions in the best interest of the company and not for personal gain. No employee, nor any member of his or her immediate family, should acquire a financial interest in or accept employment by an entity doing business with ATS Medical if the interest or employment could conflict with the employee's performance of his or her duties.

Neither employees nor their immediate family members may accept gifts or favors that create any obligation, either stated or implied, to a competitor, supplier, or customer. Employees may not offer any gift or favor to any employee, or a member of the immediate family of an employee, of a competitor, supplier, or customer, if the gift or favor might place the recipient under any obligation to the employee making the gift or to ATS Medical.

Kickbacks, bribes, rebates, or other illegal consideration are never acceptable and must never be either given or accepted by anyone acting on behalf of ATS Medical. Employees dealing with government agencies should be particularly alert to any agency rules limiting or prohibiting gifts or other favors.

### ELECTRONIC AND DATA COMMUNICATIONS

All electronic and voice communications equipment and systems are owned and maintained for the conduct of ATS Medical business. ATS Medical reserves the right to review and monitor the use of the systems and contents of individual communications and files. Use of ATS Medical systems to access, send, or receive material that is harassing, illegal, sexually explicit, or obscene is prohibited.

### INTERNATIONAL TRANSACTIONS AND OPERATIONS

ATS Medical will comply with all laws and requirements applicable in any international transactions in addition to compliance with the applicable U.S. law.

### FOREIGN CORRUPT PRACTICES ACT

Improper payments or gifts in foreign countries to government officials, politicians or political parties are prohibited.

### COMPLIANCE WITH REGULATORY REPORTING REQUIREMENTS

ATS Medical products are heavily regulated by governmental agencies, health ministries, and other regulatory authorities worldwide. Every employee is responsible for compliance with worldwide product regulation requirements. Each employee is responsible for reporting any significant issues to management. ATS Medical is committed to maintaining an open, constructive and professional relationship with regulators on matters of regulatory policy, submissions, compliance, and product performance. ATS Medical is committed to producing the highest quality medical devices in the interest of public safety and to maintaining its reputation for excellence. ATS Medical will comply with all laws and regulations regarding the safety and efficacy of its products and the standards for its manufacturing plants.

## GUIDELINES RELATING TO OUR INVESTORS

Securities laws in the United States are to ensure that the public has accurate and complete information on which to base investment decisions.

### **INSIDER TRADING**

Employees are expressly prohibited from trading in the stock of ATS Medical if they are in possession of material information unavailable to the general public. While it is not possible to define “material information” to cover every set of circumstances that might arise, a general guide would be that information is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in determining whether to buy, sell, or hold stock. It is unlawful for employees who have material nonpublic information to take personal advantage of that information by trading in ATS Medical securities, so long as the information remains nonpublic. Employees are also prohibited from disclosing such inside and confidential information to family members or other acquaintances. Trading by relatives and friends could subject both that person and the employee to liability.

### **ANTITRUST LAWS AND REGULATIONS**

ATS Medical is prohibited from entering into agreements or understandings with its competitors to fix or manipulate prices of goods or services or discounts or other conditions of sale.

## GUIDELINES RELATING TO OUR CUSTOMERS

Most countries have laws and regulations dealing with a company's relationships with its customers, and more specifically as it relates to the medical device industry, payments or gifts given to customers and physicians to entice them to use the company's products. We will comply with all laws and regulations in all countries dealing with customer relations.

### **PAYMENTS TO PHYSICIANS AND CUSTOMERS**

ATS Medical and its employees and agents will not make payments to a physician or a customer in exchange for the physician's prescribing or the customer's purchasing our products. ATS Medical will not provide gifts or entertainment to a customer or a physician that are extravagant or beyond that which is customary.

### **CLINICAL STUDY AGREEMENTS**

All agreements between physicians, customers, and ATS Medical, whether for clinical study agreements, consulting agreements, or patent license agreements, must be in writing and provide payments that will be made upon receipt of the work to be performed. All payments will be reasonable in amounts for the services performed.

### **GIFTS AND ENTERTAINMENT**

Employees shall not provide any person or business entity that ATS Medical seeks to do business with, gifts, entertainment, or other favors of a character that go beyond common courtesies consistent with ethical and accepted business practices.

### **GOVERNMENT DEALINGS**

All ATS Medical employees will respect the laws and regulations that affect government employees in any dealings with them. ATS Medical employees will be honest when dealing with government employees and will make no false statements.

### **PATIENT PRIVACY**

Any information that ATS Medical may obtain regarding patients that receive our products is considered confidential. Only employees who need to use this information as part of their job are to be given access to it.

## GUIDELINES RELATING TO OUR SUPPLIERS

ATS Medical employees will deal with outside suppliers seeking to do business with the company in a completely impartial manner.

### GIFTS AND ENTERTAINMENT

Employees shall not seek or accept for themselves or any member of their families from any person or business entity that does or seeks to do business with the company gifts, entertainment, or other favors of a character that go beyond common courtesies consistent with ethical and accepted business practices.

### FINANCIAL INTEREST IN SUPPLIERS

Employees shall not own, directly or indirectly, a financial interest in any business activity that seeks to do business with the company.

## GUIDELINES RELATING TO OUR FINANCIAL REPORTING

ATS Medical's books and records must be accurate and complete and must be prepared and maintained in the manner specified by the company. Our records and reporting will comply with generally accepted accounting principles, SEC rules, and NASDAQ rules and guidelines.

### INTEGRITY OF RECORDKEEPING

No employee should ever create or assist anyone to create a false or misleading entry in any book or business record of ATS Medical, including any business expense or employee time report. No unrecorded or "hidden" funds or assets are permitted under any circumstances.

### FINANCIAL DISCLOSURE

We are required under U.S. federal securities laws to provide the public with periodic disclosure regarding our business and financial condition. We provide additional disclosures to the public through our quarterly earnings calls and press releases. All ATS Medical employees who participate in the preparation or dissemination of these disclosures or who provide information that they know may be used in preparation of these disclosures have a legal and ethical duty to ensure that the content of the disclosures is accurate, complete and timely. Employees should report any concerns regarding accounting, financial or public disclosure matters to the audit committee of the board of directors.

## CONCLUSION

ATS Medical believes that pursuing a high performance ethical culture based on positive shared values of integrity, excellence, respectful relationships, and financial success will allow us to perform in a manner that benefits our stakeholders and provides enhanced long-term shareholder value.

### REPORTING VIOLATIONS

If you believe someone may be unintentionally or intentionally violating the law or the principles or standards included in this Code of Conduct document, report the known or suspected violation by contacting:

**Michael D. Dale**  
President and Chief Executive Officer  
763-557-2224  
michael.dale@atsmedical.com

**Michael R. Kramer**  
Chief Financial Officer  
763-557-2222  
mike.kramer@atsmedical.com

If you would like to anonymously notify the board of directors of a suspected violation, contact the Audit Committee in the following manner:

**Robert E. Munzenrider**  
Audit Committee Chairman  
763-226-7845  
atsauditcommittee@hotmail.com

Each report of a known or suspected violation will be promptly and thoroughly investigated. If a violation has occurred, ATS Medical will take appropriate actions to prevent similar violations.

### PARAMETERS FOR DISCIPLINE

When an employee is determined to have engaged in a violation of this Code of Conduct, he or she may be subject to discipline, up to and including termination of employment. Disciplinary action may also be taken against supervisors or executives who condone, permit, or fail to take appropriate action against illegal, unethical, or other improper conduct.