

SONIC SOLUTIONS

CODE

OF

BUSINESS CONDUCT AND ETHICS

(As approved by the Board of Directors on March 15, 2004)

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SONIC SOLUTIONS CODE OF BUSINESS CONDUCT AND ETHICS

POLICY STATEMENT

It is the policy of Sonic Solutions (“Sonic” or the “Company”) to conduct its affairs in accordance with all applicable laws, rules and regulations of the jurisdictions in which it does business. This Code of Business Conduct and Ethics (the “Code”) applies to the Company’s employees and to its non-employee directors. Employees include the Company’s principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions (“Designated Executives”). This Code is the Company’s “code of ethics” as defined in Item 406 of Regulation S-K. This Code is designed to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in the reports and documents the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting to the appropriate person of violations of this Code; and
- accountability for adherence to this Code.

Sonic has established standards for behavior that affects the Company, and both employees and non-employee directors must comply with those standards. The Company promotes ethical behavior and encourages employees to talk to supervisors, managers, Robert Doris, the Chief Executive Officer of the Company, who for purposes of this Code is the Director of Corporate Compliance, or other appropriate personnel when in doubt about the best course of action in a particular situation. Additionally, employees and non-employee directors should report violations of laws, rules, regulations, this Code or other Company policies to the Human Resource Manager, Michelle Browning (the “Human Resource Manager”). Employees reporting such violations in good faith will not be subject to retaliation. Anyone aware of a situation that he or she believes may violate or lead to a violation of this Code should follow the guidelines under “**Compliance and Reporting**” below.

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide you. Specific Company policies and procedures provide details pertinent to many of the provisions of this Code. You are expected to be aware of, and to act in accordance with, both this Code and the Company’s other policies and procedures at all times. Although there can be no better course of action than to apply common sense and sound judgment, do not hesitate to use the resources available whenever it is necessary to seek clarification.

APPROVALS AND WAIVERS

Certain provisions of this Code require you to act, or refrain from acting, unless prior approval is received from the appropriate person. Employees requesting approval pursuant to this Code should request such approval in writing to the Director of Corporate Compliance. Approvals relating to Designated Executives and non-employee directors must be obtained from the Audit Committee of the Company's Board of Directors (the "Audit Committee"). All other approvals may be granted by the Director of Corporate Compliance. Employees may contact the Director of Corporate Compliance for additional information on obtaining approvals.

Other provisions of this Code require you to act, or refrain from acting, in a particular manner and do not permit exceptions based on obtaining an approval. Waiver of those provisions may only be granted by the Audit Committee, and waivers relating to Designated Executives and non-employee directors must be promptly disclosed to stockholders. All other waivers may be granted by the Director of Corporate Compliance. Changes in this Code may only be made by the Board of Directors and must be promptly disclosed to stockholders.

CONFLICTS OF INTEREST

Conflicts of interest are strictly prohibited. A conflict of interest arises any time your personal interests or activities interfere with your ability to act in the best interests of the Company. Employees must discharge their responsibilities solely on the basis of what is in the best interest of the Company independent of personal consideration or relationships. Non-employee directors must discharge their fiduciary duties as directors of the Company.

Employees must disclose any potential conflicts of interest to the Director of Corporate Compliance, who will advise the employee as to whether or not the Company believes a conflict of interest exists. Designated Executives and non-employee directors must disclose any potential conflict of interest to the Audit Committee, which shall make the determination whether a conflict of interest exists. Any potential conflicts of interest involving your spouse, siblings, parents, in-laws, children, life partner or members of your household must also be disclosed. Non-employee directors may discuss any concerns with the Human Resource Manager.

Corporate Opportunities & Resources

You are prohibited from taking for yourself personal opportunities that are discovered through the use of corporate property, information or position without approval. Without approval, you may not use corporate property, information or position for personal gain. No employee may compete with the Company directly or indirectly except as permitted by Company policies.

All employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

Indirect Interests and Relationships

A conflict of interest can also arise because of the business activities of your close relations. For example, an employee may have a potential conflict of interest wherever a close relative has a significant relationship with, or has a significant financial interest in, any supplier, customer or competitor. A relative has a significant financial interest if:

- the relative owns more than 1% of the outstanding capital of a business; or
- the investment represents more than 5% of the total assets of the employee or relative.

An employee should not make or attempt to influence any decision that could directly or indirectly benefit his or her close relative. To protect the employee and the Company from the appearance of a conflict of interest, he or she should make appropriate disclosure of the interest to the Director of Corporate Compliance and, if the employee is a Designated Executive, to the Audit Committee.

BUSINESS RELATIONSHIPS

Sonic seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not unethical or illegal business practices. Each employee must endeavor to deal fairly with the Company's customers, suppliers, competitors and employees and must not take advantage of them through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair-dealing practice.

Customer Relationships

Our customers are of the utmost importance to Sonic. Sonic employees should always treat customers and potential customers according to the highest standards of business conduct.

It is Sonic's policy to sell our products and services on their merits and to avoid making disparaging comments about the products and services of competitors unless they can be substantiated. Employees should be careful in this regard in commenting upon the character, financial condition, or potential legal or regulatory problems of competitors.

Employees should follow the following guidelines in selling our products and services:

- sell on the strength of our company and our products and services;
- do not make claims about our products or services unless the claims can be made in good faith;
- do not make claims about a competitor's products or services unless the claims are based on the competitor's current published materials or other factual data;

- if a potential customer has a contract with a competitor, or has placed a firm order with a competitor, do not try to convince the customer to breach that contract or order; and
- to maintain the Company's valuable reputation, compliance with its quality processes and safety requirements is essential. Sonic's products and services should be designed and manufactured to meet its obligations to customers. All inspection and testing documents must be handled in accordance with all applicable requirements.

Suppliers

Sonic's suppliers -- companies and individuals that sell products and services to Sonic -- are important to our business. Sonic employees should always treat suppliers and potential suppliers in accordance with the highest standards of business conduct.

Suppliers must be selected on the basis of objective criteria, such as value (quality for price), price, technical excellence, service reputation and production/service capacity.

Employees working with current suppliers must never intentionally interfere with a supplier's contracts or business relations with a competitor of Sonic.

Individuals with procurement responsibility should review the sections of this Code concerning fair competition and should be familiar with applicable laws and Company policies.

Sales Agents, Representatives, Distributors, and Consultants

Agreements with sales representatives, agents, marketing consultants, distributors and other parties, require adherence to Sonic policy and applicable U.S. and foreign laws and regulations.

FAIR COMPETITION

Fair competition laws, including the U.S. antitrust rules, limit what Sonic can do with another company and what Sonic can do on its own. Generally, the laws are designed to prohibit agreements or actions that reduce competition and harm consumers. You may not enter into agreements or discussions with competitors that have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers or customers. U.S. and foreign antitrust laws also apply to imports and exports.

LOANS AND OTHER CONSIDERATIONS

Loans

Employees may not accept loans from any person or entities having or seeking business with the Company, except a loan from a financial institution in the ordinary course of business at normal interest rates prevailing at the time of borrowing. Designated Executives and non-

executive directors may not receive loans from the Company, nor may the Company arrange for any loan.

Gifts, Gratuities and Entertainment

Use of Company funds or other Company property for illegal, unethical or otherwise improper purposes is prohibited. The purpose of business entertainment and gifts in a commercial setting is to create goodwill and a sound working relationship, not to gain personal advantage with customers or suppliers.

Bribes and Kickbacks

The use of Company funds, facilities or property for any illegal or unethical purpose is strictly prohibited; provided, that certain facilitating payments discussed in “*Doing Business Internationally*” are permitted.

- You are not permitted to offer, give or cause others to give, any payments or anything of value for the purpose of influencing the recipient’s business judgment or conduct in dealing with Sonic other than facilitating payments discussed in “*Doing Business Internationally*”.
- You may not solicit or accept a kickback or bribe, in any form, for any reason.

DOING BUSINESS INTERNATIONALLY

Sonic is committed to the highest business conduct standards wherever it operates. Sonic observes these standards worldwide, even at the risk of losing business. While no one can anticipate all the situations that may present challenges to Sonic employees doing business in the worldwide marketplace, the following guidelines always apply:

- Observe all laws and regulations, both U.S. and non-U.S., that apply to business abroad.
- Paying bribes to government officials is absolutely prohibited, even if those bribes are common practice, except for facilitating payments. You may not give, promise to give or authorize the giving to a foreign official, a foreign political party, or official thereof or any candidate for foreign political office any money or offer, gift, promise to give or authorize the giving of anything of value to influence any act or decision, to induce such official, party or candidate to do or omit to do any act in violation of the lawful duty of such official, party or candidate, or to induce such official, party or candidate to use his or her influence with a foreign government or agency to affect or influence any act or decision of such foreign government or agency.
- Do not cooperate with illegal boycotts.
- Observe all licensing requirements and the requirements of applicable import and export control laws.

- Do not enter into an agreement with an agent or consultant that relates to Sonic's business outside the United States unless it has been approved by the Company.

The laws governing Sonic's business in foreign countries are extensive and complex, and may be different from those in the United States. No new Sonic services or products should be offered in any new country without prior approval, and then only in accordance with the applicable local country's regulations and requirements.

Facilitating Payments to Low-Level Non-U.S. Governmental Employees and Officials for Non-Discretionary Action

Sonic is committed to complying with the laws of the countries where it operates. In some countries, a very limited category of small payments to facilitate or expedite routine nondiscretionary governmental actions may be permitted as exceptions to antibribery laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"). The requirements pertaining to such payments are complex. Sonic employees engaged in international business activities must obtain prior approval of the Director of Corporate Compliance before making any such payment.

These "facilitating payments" to non-U.S. governmental officials are distinguished from payments made to influence a discretionary decision or to cause violation of, or an act in conflict with, the interests of an individual's employer, which are strictly prohibited.

Import and Export Regulation/Trade Compliance

Because of the international nature of our business, Sonic is subject to the import and export laws and regulations of the United States and certain foreign governments. These laws and regulations govern the international transfer of all products and services of Sonic, as well as technology, information and ideas belonging to Sonic.

Under U.S. law, no technology may be exported without the proper government export licenses and documentation. Exports of technology include not only technology shipped via freight, but also technology that is hand-carried (employees traveling overseas), sent via courier services or U.S. mail, electronically transmitted, and/or disclosed to foreign nationals in the United States or abroad. "Technology" is defined as hardware, software, technical documentation, product specifications, technical data, etc.

It is the responsibility of Sonic employees to ensure that proper documentation accompanies each export or disclosure. Failure to export or re-export without the proper export license or documentation can jeopardize Sonic's compliance with U.S. export laws, as well as those laws of foreign countries. Non-compliance can result in denial of export privileges, criminal penalties, seizure of commodities, and fines to Sonic and its employees.

It is Sonic's policy to comply fully with all applicable U.S. and foreign laws controlling the export and re-export of products, technology (including software) and services. Employees must exercise the necessary diligence to ensure that Sonic complies with all applicable U.S. and foreign government regulations regarding exports.

ACCURACY OF REPORTS, RECORDS AND ACCOUNTS

All Sonic employees are responsible for the accuracy of their respective records, including time sheets and expense reports. Accurate information is essential to Sonic's ability to meet legal and regulatory obligations and to compete effectively. The records and books of account of Sonic must meet the highest standards and accurately reflect the true nature of the transactions they record. Unless pursuant to specific guidance in accordance with Sonic's normal document retention policy, destruction of any records, books of account or other documents is strictly prohibited.

You must not create false or misleading documents or accounting, financial or electronic records for any purpose, and no one may direct an employee to do so. For example, expense reports must accurately document expenses actually incurred in accordance with Sonic policies. You must not obtain or create "false" invoices or other misleading documentation or invent or use fictitious entities, sales, purchases, services, loans or other financial arrangements for any purpose. Employees are also responsible for accurately reporting time worked.

No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason. No disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation or for any purpose other than as described in the documents. All employees shall comply with generally accepted accounting principles and the Company's internal controls and financial accounting policies at all times.

INSIDER TRADING; COMMUNICATIONS WITH THIRD PARTIES

You must comply with the rules and procedures set forth in Sonic's Insider Trading Policy with respect to trading of Sonic's securities and communications with third parties.

TECHNOLOGY USE AND PRIVACY

Sonic provides various technology resources (including computers, telephones, software, copying machines, Internet access, email and voice mail) to authorized employees to assist them in performing their job duties on behalf of the Company. Each employee has the responsibility to use the Company's technology resources in a manner that complies with applicable laws and Company policies, increases productivity, enhances the Company's public image and is respectful of other employees.

Authorization

Access to the Company's technology resources is within the sole discretion of the Company and subject to Company policies. Generally, employees are given access to the Company's various technologies consistent with their job functions. The Company reserves the right to limit such access by any means available to it, including revoking access altogether.

Prohibition Against Violating Copyright Laws

You may not use the Company's technology resources to copy, retrieve, forward or send copyrighted materials unless you have the author's permission or are accessing a single copy only for your own reference.

Violation of copyright laws is a potential financial and legal liability for both the Company and the offending employee.

Other Prohibited Uses

You may not use any of the Company's technology resources for any illegal purpose, in violation of any Company policy, in a manner contrary to the best interests of the Company, in any way that discloses confidential or proprietary information of the Company or third parties on an unauthorized basis, or for personal gain.

COMPLIANCE AND REPORTING

Compliance

Any employee who violates the provisions of this Code will be subject to disciplinary action, up to and including termination. Willful disregard of criminal statutes underlying this Code may require the Company to refer such violation for criminal prosecution or civil action.

Reporting Procedures and Other Inquiries

Questions regarding the policies in this Code may be directed to the Director of Corporate Compliance. Managers and supervisors are also resources who can provide timely advice and guidance to employees on ethics and compliance concerns and are expected to promptly report any concerns brought to their attention in their supervisory capacity to the Director of Corporate Compliance. Any employee or non-employee director having knowledge of, or questions or concerns about, an actual or possible violation of the provisions of this Code is encouraged to promptly report the matter to his or her immediate supervisor or to the Human Resource Manager.

If you have concerns relating to Sonic's accounting, internal controls or auditing matters, you may also confidentially, and anonymously if you desire, submit the information in writing to the Human Resource Manager at 101 Rowland Way, Suite 110, Novato, CA 94945 or via note in a drop box located in the Novato main office. The Human Resource Manager will be responsible for submitting all information received to the Audit Committee.

When submitting concerns, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will assist us in effectively investigating complaints. This is particularly important when you submit a complaint on an anonymous basis, since we will be unable to contact you with requests for additional information or clarification.

We are providing these anonymous reporting procedures so that you may disclose genuine concerns without feeling threatened. Employees who choose to identify themselves when submitting a report may be contacted in order to gain additional information.

All conversations, calls and reports made under this policy in good faith will be taken seriously. Any allegations that are knowingly false or without a reasonable belief in the truth and accuracy of such information will be viewed as a serious disciplinary offense.

Policy Prohibiting Unlawful Retaliation or Discrimination

Neither the Company nor any of its employees may discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee who in good faith:

- provides information or assists in an investigation relating regarding any conduct which the employee reasonably believes constitutes a violation of Fraud Laws (as defined below); or
- files, testifies participates or otherwise assists in a proceeding that is filed or about to be filed (with any knowledge of the Company) relating to an alleged violation of a Fraud Law.

This policy applies in any instance where such information or assistance provided to, or the investigation is conducted by, a federal regulatory or law enforcement agency, any member of committee of Congress, or any person with supervisory authority over the employees or the authority to investigate misconduct relating to potential securities violations by the Company or its employees. For purposes of this policy, a “Fraud Law” is a violation of federal criminal law involving:

- securities fraud, mail fraud, bank fraud or wire, radio or television fraud;
- violations of the rules or regulations of the Securities and Exchange Commission; or
- violations of any federal law relating to fraud against shareholders.

This Code is intended to clarify your existing obligation for proper conduct. The standards and the supporting policies and procedures may change from time to time in the Company’s discretion. Each employee is responsible for knowing and complying with the current laws, regulations, standards, policies and procedures that apply to the Company’s work. The most current version of this document can be found in the current version of the Company’s Employee Manual.

This document is not an employment contract between the Company and its employees, nor does it modify their employment relationship with the Company.