



HEALTHTRONICS' CODE OF CONDUCT



CODE OF CONDUCT

All employees of the Company are expected to conduct themselves at all times in a professional manner and in the best interests of the Company. Many tangibles and intangibles make up "proper business conduct" but ethics and integrity are also essential.

ETHICS AND INTEGRITY

Is there really such a thing as ethics in the competitive world of business? *Yes, there really is.* What makes a code of ethical behavior for a company is not so different from what you would expect to find in someone's personal code: Yours, for one. Start with honesty, in little things and big, and allow no exceptions. Employees should be honest with the physicians and patients served by the Company. There shall be no deals, no bribes, no kickbacks, no secrets and no lies or untruths. Employees should never promise anything the Company is unable to deliver. Everything the Company offers should be honestly prepared, truthfully represented, and ethically marketed.

All employees are expected to be honest with the Company in all things: time, expenses, supplies, effort and results.

Employees should practice fairness among each other. This means pegging rumors for what they are. Sorting facts from fancies during daily dealings with managers, supervisors, co-workers and subordinates is essential.

Everyone is expected to respect not just each individual, but the right to individuality; the right to have aspirations, satisfactions, and problems that may not be your own; the right to cultural, religious, and ethnic differences; the right to gender differences, and the right to different sexual preferences; the right to be work in an environment free from stereotyping, offensive conduct, or humor based on race, gender, age, disability, religion, sexual orientation, or cultural differences.

Somewhere in this ethic is an essential decency, a sort of humanity and humility in business that isn't easy to define, but it is easy to see. It says that there is a responsibility component in profit and it means even more:



Devotion to principle, caring about consequences and social concern. When you add it all up, it means integrity.

Integrity can come only from the character of the employees working for our Company. Each employee is the guardian for a reputation that is always on the line.

PROHIBITED CONDUCT

The Company takes great pride in the quality of its work force. As a HealthTronics employee, you will be expected to adhere to the highest standards of honesty, integrity, ethics and professionalism. Your conduct and behavior, and both on and off the job, reflect on the Company's image in the community while it would be impossible to compile a list of all possible actions which could result in disciplinary actions, the following are examples of activities which will be considered a violation of Company rules of conduct:

- Conviction of a felony
- Violation of Company weapons policy
- Willful or negligent damage to Company property or the property of other employees
- Theft or dishonesty, including: falsification of company records, including but not limited to furnishing false or incomplete information on expense, time records or your application for employment.
- Gambling, fighting, disorderly conduct or abusive language and conduct
- Violation of the Company Equal Employment Opportunity Policy
- Violation of the Company Harassment Policy
- Violation of the Company Substance Abuse Policy
- Violation of the Company Conflict of Interest Policy
- Violation of the Company Solicitation Policy
- Violation of the Company Confidentiality Pledge



- Insubordination or failure to carry out any reasonable assignment given by management, including refusal to work on jobs assigned by your supervisor

The above list is not exhaustive, but does outline those acts, which are inappropriate in any employer/employee relationship. As an employee, you are asked both to comply with and to cooperate in the enforcement of the preceding rules. The violation of any of these rules could result in a serious loss to other employees and to the Company in many ways. Therefore, the Company reserves the right to impose performance improvement plans or disciplinary actions, up to and including termination, to anyone who does not abide by them.

INVOLVEMENT WITH SUPPLIERS, CONTRACTORS, CUSTOMERS OR COMPETITORS

As an employee, it is expected that there will be contact with suppliers, contractors, customers or competitors. This contact should remain both friendly and courteous, however, in no instance should it cross over to become personal. Once the relationship has become personal in nature, it is much more likely for conflicts of interest to occur. The following are examples of instances, which would be considered conflicts of interest, and therefore must be fully disclosed to the Company (and specific written authorization obtained from the Company before the conflict can be allowed to exist):

Ownership of any interest in a private company or greater than five percent (5%) in a public company as a stockholder, partner, lender, guarantor or otherwise in a supplier, contractor, customer, competitor or vendor of services to HealthTronics or any of its subsidiaries or partnerships. Acting as a director, officer, employee, partner, consultant, agent or contractor for any contractor, supplier, customer, competitor or vendor of service to HealthTronics or any of its subsidiaries or partnerships.

Direct or indirect acceptance of any type of payments, services, loans or gifts from a supplier, contractor, customer, competitor or vendor of service are strictly prohibited except in the case where a supplier, contractor, customer or vendor of service may provide promotional items of nominal value (<\$100.00) or holiday gifts. Where gifts are provided they should be of a nominal value and preferably made in the name of HealthTronics, its



operating subsidiary name, or a HealthTronics' subsidiary. Large gifts (>\$100.00) or contributions made on behalf of a HealthTronics employee to an institution, organization, company or charity require full disclosure and specific written authorization.

Entertainment is permissible if it occurs in the conduct of HealthTronics' business and is limited to costs that if incurred by the employee the employee could reasonably expect to be reimbursed by HealthTronics as a normal business expense. Entertainment in the way of non-business related functions should be avoided. Examples of such non-business functions might include, but are not to be limited to, season passes to social events, concert tickets, tickets to sporting events, trips, memberships, guest lodging etc. Lavish entertainment is prohibited.

An Employee must disclose any interest or involvement, direct or indirect, in any property, equipment or facilities that are offered for purchase, sale or lease to or from HealthTronics, its subsidiaries or partnerships.

COMPLIANCE

All employees of HealthTronics, its subsidiaries and partnerships are expected to fully comply with the Conflict of Interest Policy as a condition of employment. Failure to comply with a company policy may result in loss of employment with HealthTronics, its subsidiaries and partnerships. From time to time employees of HealthTronics, its subsidiaries and partnerships will be requested at random to complete questionnaires concerning matters of personal conflict of interest. Management and Supervisory personnel who become aware of an employee's personal conflict of interest are required under this policy to inform the executive management of HealthTronics, within 48 hours.

PROPRIETARY & CONFIDENTIAL INFORMATION

During the course of normal day-to-day business, employees may be privy to Company information, which may be deemed "confidential". Please consult your Manager regarding confidential items. Unauthorized use or disclosure of confidential or proprietary information or information that could reasonably be called confidential or proprietary would be a serious conflict of interest.



No employee of HealthTronics, its subsidiaries, or partnerships should have outside the office environment any materials, documents or information considered confidential or proprietary. Specifically, contracts, rate schedules, lists of accounts, business letters and memos, internal memos, certificates, licenses, un-audited financial materials may not be in the personal possession of an employee outside of the work environment whether such materials are in draft form, original or photocopy, tape, diskette or other electronic form. Certain employees of HealthTronics may maintain materials considered proprietary as a business necessity.

OUTSIDE EMPLOYMENT

Outside employment is permissible if it does not interfere, compete, or conflict with HealthTronics interests, and provided it does not hinder the employee's ability to meet the responsibilities and demands of his or her company-required work. Permission must be obtained for each secondary employment that an employee may hold, including any Board positions with for-profit companies. An Outside Employment Information form should be initiated by the employee and submitted to his or her supervisor immediately. All such permissions will be included in the employee's personnel file.

Approval may later be withdrawn if it is believed to be in the best interests of the Company. Refusal to comply with a request to discontinue outside employment may result in termination of employment at HealthTronics. Under no circumstances may a Company employee hold a secondary job position for a competitor, customer, supplier or vendor of service.

The Company encourages outside involvement in community, industry and charitable activities, including Board positions with non-profit community organizations, as long as they do not cause conflicts of interest or create demands that interfere with the job.

CONFIDENTIALITY PLEDGE

Each employee is responsible for safeguarding confidential information regarding physicians and patients, fellow employees or any other office matter obtained in connection with his or her employment. Extreme care



must be taken to insure that the release of any Company information be properly authorized. Should you have any doubt, consult with your supervisor.

All of us are legally responsible for guarding Company privileged information and we must solemnly pledge our intent to properly safeguard all Company information entrusted to us. The way to avoid sorting out the potentially harmful from the potentially harmless is simply to refrain from talking business outside the Company. Your willingness to abide by the spirit and intent of this confidentiality pledge is considered a condition of employment and violations could lead to termination of employment.

INSPECTION AND SEARCH POLICY

The Company provides various Company-owned properties for the use of some employees during work. These items remain the sole property of the Company. Employees should be aware that the Company reserves the right to inspect coaches, tractor trailers, company provided vehicles, computer files, electronic mail, desks and the contents of desks at any time. An inspection may occur with or without an employee's consent or advance notice. Such inspections may be conducted before, during or after working hours.

Employees may not bring onto the premises or worksites weapons, explosives, alcohol, non-prescribed drugs, inhalants or medications or any other prohibited material. Employees who do not cooperate concerning any inspection of Company-owned property will be subject to disciplinary action, up to and including termination. The Company is not responsible for any item placed on or left in a desk or unit that is lost, damaged, stolen or destroyed.

SOLICITATION

Solicitation of employees, physicians and patients on Company property is prohibited. Unauthorized sales and solicitations of orders for any type of product or service to anyone on Company property is prohibited as stated below:



Solicitation of employees by other employees and the distribution of associated literature between employees are prohibited during working hours. The term "working hours" means the time when the person doing the solicitation or the person being solicited should be working.

Distribution of literature, pamphlets and other materials between employees is prohibited in work areas at all times. For this purpose the term "work area" includes all places where employees regularly work, confer or conduct business. "Work area" does not include break rooms, washrooms or any other are specifically set aside for non-work purposes.

Any notices or other materials to be posted in or on Company premises must have prior approval of the president.