

LEXAR MEDIA, INC.

CODE OF CONDUCT AND ETHICS

Our company is committed to promoting high standards of ethical business conduct. We have adopted this Code of Conduct and Ethics to set expectations and provide guidance applicable to every employee, officer and director of the Company. It is your responsibility to read and understand this Code, and to use it as a guide to the performance of your responsibilities for the Company. This Code cannot address every ethical issue or circumstance that may arise, so, in complying with the letter and spirit of this Code, it is your responsibility to apply common sense, together with high personal standards of ethics, honesty and accountability, in making business decisions where this Code has no specific guideline. You should consider not only your own conduct, but also that of your family members and others who live in your household.

In addition, we expect you to comply with all other Company policies and procedures that may apply to you, many of which supplement this Code by providing more detailed guidance. These additional policies and procedures include our Insider Trading Policy and the policies described in our Employee Handbook, such as our policies regarding equal opportunity, harassment, drug-free workplace, computer usage and information technology, data protection, expense reimbursement and travel and internal financial controls and procedures. We may modify or update these more specific policies and procedures from time to time, and adopt new company policies and procedures in the future.

Nothing in this Code is intended to alter existing legal rights and obligations of the Company or any of its employees, officers or directors, including “at will” employment arrangements or the terms of any employment-related agreement we may have with you.

We expect all of our directors, executives, managers and other supervisory personnel to help foster a sense of commitment to this Code among all our employees, and to foster a culture of fairness, honesty and accountability within the Company.

If you need help understanding this Code, or how it applies to conduct in any given situation, you should contact your supervisor or one of the Company's Compliance Officers. The Company's current Compliance Officers are Brian McGee, Eric Whitaker and Larissa Cochran. In addition, you should be alert to possible violations of this Code by others and should report suspected violations, without fear of any form of retaliation, as described in Section 14.

Anyone who violates the standards in this Code will be subject to disciplinary action, which, in appropriate circumstances may include termination of employment, legal action or referral for criminal prosecution.

1. Legal Compliance

You must always obey the law while performing your duties to the Company. Our success depends upon each employee (throughout this Code, the term “employee” generally also refers to officers and directors of the Company) operating within legal guidelines and cooperating with authorities. It is essential that you know and understand the legal and regulatory requirements that apply to our business and to your specific area of responsibility. While you are not expected to have complete mastery of these laws, rules and regulations, you are expected to be able to recognize situations that require you to consult with others to determine the appropriate course of action. If you have a question in the area of legal compliance, you should approach your supervisor or one of the Compliance Officers immediately.

2. Conflicts of Interest

We expect our employees to avoid conflicts of interest. A “conflict of interest” occurs when a personal interest interferes in any way—or even appears to interfere—with the interests of the Company as a whole.

Sometimes conflicts of interest arise when an employee takes some action or has some outside interest that turns out to conflict with an interest of the Company. Conflicts of interest can also arise when an employee or relative receives improper personal benefits as a result of a Company position.

In evaluating whether an actual or contemplated activity may involve a conflict of interest, you should consider:

- Whether the activity would appear improper to an outsider;
- Whether the activity could interfere with the job performance or morale of a Company employee;
- Whether the employee has access to confidential Company information or influence over significant Company resources or decisions;
- The potential impact of the activity on the Company’s business relationships, including relationships with customers, suppliers and service providers; and
- The extent to which the activity could benefit the employee or a relative, directly or indirectly.

A few examples of activities that could involve conflicts of interests include:

- **Aiding our competitors.** For example, this could take the form of passing confidential Company information to a competitor, or accepting payments or other benefits from a competitor.
- **Involvement with any business that does business with us or seeks to do business with us.** Employment by or service on the board of a customer, supplier or service provider is generally discouraged and you must seek authorization in advance if you plan to have such a relationship.
- **Owning a significant financial interest in a competitor or a business that does business with us or seeks to do business with us.** In evaluating such interests for conflicts, both direct and indirect interests that a person may have should be considered, along with factors such as the following:
 - The size and nature of the person’s interest;
 - The nature of the Company’s relationship with the other entity;
 - Whether the employee has access to confidential Company information; and
 - Whether the employee has a significant ability to determine Company decisions that would affect the other entity.

If you have or wish to acquire a significant financial interest in a competitor, or in a customer, supplier or service provider with which you have direct business dealings (or approval responsibilities), you must consult with one of the Compliance Officers. Similarly, if you experience a change of position or seniority that results in your having direct business dealings with a customer, supplier or service provider in which you already have a significant financial interest, you must consult with one of the Compliance Officers.

- **Soliciting or accepting payments, gifts, loans, favors or preferential treatment from any person or entity that does or seeks to do business with us.** See Section 7 for further discussion of the issues involved in this type of conflict.
- **Taking personal advantage of corporate opportunities.** See Section 4 for further discussion of the issues involved in this type of conflict.
- **Having authority on behalf of the Company over a co-worker who is also a family member, or transacting business on behalf of the Company with a family member.** The employee who may be involved in such a situation should consult with his or her supervisor and one of the Compliance Officers to assess the situation and an appropriate resolution.

You must avoid these situations (and others like them), where your loyalty to the Company could be compromised. If you believe that you are involved in a potential conflict of interest, you are expected to discuss it with your supervisor or one of the Compliance Officers.

Special Note Regarding Employee Loans

Loans to employees or their family members by the Company, or guarantees of their loan obligations, could constitute an improper personal benefit to the recipients of these loans or guarantees. Company loans and guarantees for executive officers and directors are expressly prohibited by law and Company policy.

Special Note Regarding Related Party Transactions

A “related party transaction” is any transaction that is required to be disclosed pursuant to SEC Regulation S-K, Item 404. The Company through one of the Compliance Officers will conduct a review of all related party transactions for potential conflicts of interest situations. All related party transactions must be approved by the Company’s audit committee or another independent body of the Board of Directors.

A “related party transaction” includes any transaction, or series of similar transactions, since the beginning of the Company’s last fiscal year, or any currently proposed transaction or series of similar transactions, to which the Company or its subsidiaries is a party, and in which the amount involved exceeds \$60,000, and in which any of the following persons had or will have a direct or indirect material interest: any director or director nominee; any executive officer; any holder of five percent or more of the Company’s common stock; or any member of the immediate family of such persons.

3. Insider Trading

Every employee, officer and director is prohibited from using “inside” or material nonpublic information about the Company, or about companies with which we do business, in connection with buying or selling securities, including “tipping” others who might make an investment decision on the basis of this information. It is illegal, and it is a violation of this Code and other Company policies to tip

or to trade on inside information. Employees who have access to inside information are not permitted to use or share that information for stock trading purposes or for any other purpose except to conduct Company business.

Employees must exercise the utmost care when in possession of material inside information. The Company's Insider Trading Policy provides guidance on the sorts of information that might be nonpublic and material for these purposes, and guidelines on when and how you may purchase or sell shares of Company stock or other Company securities.

4. Corporate Opportunities

You may not compete with the Company, or take personal advantage of business opportunities that the Company might want to pursue. You should consult with one of the Compliance Officers to determine an appropriate course of action if you are interested in pursuing an opportunity that you discovered through your Company position, or use of Company property or information. Even opportunities that are acquired through independent sources may be questionable if they are related to the Company's existing or proposed lines of business. You owe a duty to the Company to advance the Company's legitimate business interests when opportunities arise.

5. Competition and Fair Dealing

We strive to compete vigorously and to gain advantages over our competitors through superior business performance, not through unethical or illegal business practices. No employee may through illegal means acquire proprietary information from others, possess trade secret information, or induce disclosure of confidential information from past or present employees of other companies. If you have obtained information of this variety by mistake, or if you have any questions about the legality of future actions, you must consult your supervisor or one of the Compliance Officers, as described in Section 14.

You are expected to deal fairly and honestly with our customers, suppliers, employees and anyone else with whom you have contact in the course of performing your duties to the Company. Making of false statements about our competitors is prohibited by this Code, inconsistent with our reputation for integrity and harmful to our business. You may not take unfair advantage of anyone through misuse of confidential information, misrepresentation of material facts or any other unfair business practice.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

Employees involved in sales have a special responsibility to abide by all Company policies regarding selling activities, including policies relevant to revenue recognition by the Company.

Special Note regarding Antitrust Laws

Antitrust laws are designed to protect customers and the competitive process. These laws generally prohibit the Company from establishing:

- Price fixing arrangements with competitors or resellers;

- Arrangements with competitors to share pricing information or other competitive marketing information, or to allocate markets or customers;
- Agreements with competitors or customers to boycott particular suppliers, customers or competitors; or
- A monopoly or attempted monopoly through anticompetitive conduct.

Some kinds of information, such as pricing, production and inventory, should never be exchanged with competitors, regardless of how innocent or casual the exchange may be, because even where no formal arrangement exists, merely exchanging information can create the appearance of an improper arrangement.

Noncompliance with the antitrust laws can have extremely negative consequences for the Company, including long and costly investigations and lawsuits, substantial fines or damages, and bad publicity. Understanding the requirements of antitrust and unfair competition laws of the jurisdictions where we do business can be difficult, and you are urged to seek assistance from your supervisor or one of the Compliance Officers whenever you have a question relating to these laws.

6. Maintenance of Corporate Books, Records, Documents and Accounts; Financial Integrity; Public Reporting

We strive to maintain complete integrity of our records and public disclosure. Our corporate and business records, including all supporting entries to our books of account, must be completed honestly, accurately and understandably. Our records are important to investors and creditors. They serve as a basis for managing our business and are important in meeting our obligations to customers, suppliers, creditors, employees and others with whom we do business. We depend on our books, records and accounts accurately and fairly reflecting, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities.

To help ensure the integrity of our records and public disclosure, we require that:

- No entry be made in our books and records that is intentionally false or misleading;
- Transactions be supported by appropriate documentation;
- The terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- Employees comply with our system of internal controls and be held accountable for their entries;
- Any off-balance sheet arrangements of the Company are clearly and appropriately disclosed;
- No cash or other assets be maintained for any purpose in any unrecorded or “off-the-books” fund; and
- Records be retained or destroyed according to the Company’s policies regarding contracts and agreements, electronic mail and confidential information.

Our disclosure controls and procedures are designed to help ensure that the Company's public disclosures are full, fair and accurate, that they fairly present our financial condition and results of operations, and that they are timely and understandable. We have created a Disclosure Committee (consisting of the individuals listed on Appendix A) with general responsibility to oversee the operation of our disclosure controls and procedures and to evaluate the effectiveness of those controls and procedures on a regular basis. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should adhere to all disclosure controls and procedures and generally assist the Company in producing financial disclosures that contain all of the information about the Company that is required by law and would be important to enable investors to understand our business and its attendant risks. If you become aware that our public disclosures are not full, fair and accurate, or if you become aware of a transaction or development that you believe may require disclosure, you should report the matter immediately to a member of the Disclosure Committee, your supervisor or the General Counsel.

7. Gifts and Entertainment

All employees must be careful to avoid even the appearance of impropriety in giving or receiving gifts and entertainment. In general, you cannot offer, provide or accept any gifts or entertainment in connection with your service to the Company except in a manner consistent with customary business practices, such as customary and reasonable meals and entertainment at which the giver is present. Gifts and entertainment must not be excessive in value, in cash, susceptible of being construed as a bribe or kickback, or in violation of any laws. This principle applies to our transactions everywhere in the world, even if it conflicts with local custom. Under some statutes, such as the United States Foreign Corrupt Practices Act, giving anything of value to a government official to obtain or retain business or favorable treatment is a criminal act subject to prosecution and conviction. Discuss with your supervisor or one of the Compliance Officers any proposed entertainment or gifts if you are uncertain about their appropriateness.

8. International Business Laws

You are expected to comply with all applicable laws wherever you travel on Company business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. We also expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by U.S. citizens and corporations outside the United States.

These U.S. laws, rules and regulations, which extend to all our activities outside the United States, include:

- The Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a government official to obtain or retain business or favorable treatment, and requires the maintenance of accurate books of account, with all company transactions being properly recorded;
- U.S. embargoes, which restrict or, in some cases, prohibit U.S. persons, corporations and, in some cases, foreign subsidiaries from doing business with certain countries, groups or individuals;
- Export controls, which restrict travel to designated countries or prohibit or restrict the export of goods, services and technology to designated countries, identified persons or entities from the United States, or the re-export of U.S.-origin goods from the country of original destination to such designated countries or identified companies or entities; and

- Anti-boycott compliance, which prohibits U.S. companies from taking any action that has the effect of furthering any unsanctioned boycott of a country friendly to the United States.

If you have a question as to whether an activity is restricted or prohibited, please contact one of the Compliance Officers before taking any action.

9. Confidentiality

We depend upon our confidential information, and rely on a combination of patent, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect it. Confidential information includes information obtained by me relating or pertaining to the Company's business, projects, products, customers, trade secrets, including business and financial information, unpublished know-how, whether patented or unpatented, and all of my activities for or on behalf of the Company as described in the nondisclosure and invention assignment agreement that you signed when you joined the Company, and similar types of information provided to us by our customers, suppliers and business partners. We cannot protect our confidential information without your help. Anyone who has had access to confidential Company information must keep it confidential at all times, both while working for the Company and after employment ends.

You must not share confidential Company information, or any confidential information of a customer, supplier, service provider or business partner, with anyone who has not been authorized to receive it, except when disclosure is authorized or legally mandated. Unauthorized use or distribution of this information is extremely serious; it would violate your nondisclosure and invention assignment agreement and it could be illegal and result in civil liability or criminal penalties. It would also violate our trust in you, and our customers' trust in us.

You must take precautions to prevent unauthorized disclosure of confidential information. Accordingly, you should also take steps to ensure that business-related paperwork and documents are produced, copied, faxed, filed, stored and discarded by means designed to minimize the risk that unauthorized persons might obtain access to confidential information. You should not discuss sensitive matters or confidential information in public places, and you should avoid discussing confidential information on cellular phones to the extent practicable. You may not discuss our business in any Internet "chat room," regardless of whether you use your own name or a pseudonym, or otherwise post confidential Company information on the Internet. All Company emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of the Company, except where required for legitimate business purposes.

You are required to observe the provisions of any other specific policy regarding privacy and confidential information that the Company may adopt from time to time.

10. Protection and Proper Use of Company Assets

All employees, officers and directors are expected to protect the Company's assets and ensure their efficient use for legitimate business purposes. Theft, carelessness and waste have a direct impact on our profitability. Company property, such as computer equipment, buildings, furniture and furnishings, office supplies and products and inventories, should be used only for activities related to your employment, although incidental personal use is permitted. Please bear in mind that we retain the right to access, review, monitor and disclose any information transmitted, received or stored using our electronic equipment, with or without an employee's or third party's knowledge, consent or approval. Any misuse or suspected misuse of our assets must be immediately reported to your supervisor or one of the Compliance Officers.

11. Media Contacts and Public Communications

It is our policy to disclose material information concerning the Company to the public only in accordance with our Disclosure Policy, in order to avoid inappropriate publicity and to ensure that all such information is communicated in a way that is reasonably designed to provide broad, non-exclusionary distribution of information to the public. All inquiries or calls from the press, investors and financial analysts should be referred to Investor Relations at the blueshirt group. We have designated our chief executive officer, chief financial officer and Investor Relations at the blueshirt group as our official spokespersons for financial matters. We have designated our Public Relations department as our official spokespersons for marketing, technical and other related information. These persons are the only people who are authorized to communicate with the press, investors or financial analysts on behalf of the Company, unless a specific exception has been made by our chief executive officer or chief financial officer.

12. Special Obligations for the CEO and Senior Financial Officers

While we expect honest and ethical conduct from all of our employees, officers and directors, we have the highest expectations for our chief executive officer and senior financial officers. This special category includes the Company's chief executive officer, chief financial officer, controller or other principal accounting officer, and other Company personnel performing similar functions. These officers have important roles in the Company's governance, financial reporting and legal compliance that we expect them to fulfill with the highest degree of integrity at all times. They also serve as important examples for other employees, so we expect them to foster a culture of integrity and honesty. All of the provisions of this Code apply to the Company's chief executive officer and senior financial officers; this Section 12 is designed to underscore the additional special responsibilities.

The job responsibilities of the Company's chief executive and senior financial officers include, and the performance evaluation criteria for each such employee will include, the obligations to:

- Set a "tone at the top" by acting with honesty and integrity in accordance with this Code, including avoiding conflicts of interest, and take other steps to promote a culture throughout the Company in which all employees, officers and directors are encouraged to act honestly and with integrity, avoiding conflicts of interest;
- Take all steps necessary to promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to the Securities and Exchange Commission and in other public communications that the Company makes from time to time;
- Take all steps necessary to promote compliance with applicable governmental laws, rules and regulations, and with those of The NASDAQ Stock Market; and
- Take all steps necessary to promote prompt internal reporting of violations of this Code to appropriate personnel, and to promote accountability for adherence to this Code.

13. Waivers

Any amendment or waiver of this Code that applies to any of the Company's directors or executive officers must be in writing and must be authorized only by our Board of Directors. Any such amendment or waiver will be disclosed as required by applicable laws, rules and regulations.

14. Compliance Standards and Procedures

Compliance Resources

The Company has an obligation to promote ethical behavior. Every employee is encouraged to talk to his or her supervisor, managers and other appropriate personnel when in doubt about the application of any provision of this Code.

In addition to fielding questions with respect to interpretation or potential violations of this Code, the Compliance Officers are responsible for:

- Investigating possible violations of this Code;
- Updating this Code as needed, with approval of the Governance and Nominating Committee, to reflect changes in the law, Company operations and recognized best practices, and to reflect Company experience with this Code; and
- Otherwise promoting an atmosphere of responsible and ethical conduct.

Your most immediate resource for any matter related to this Code is your supervisor. He or she may have the information you need, or may be able to refer the question to another appropriate source. There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with one of the Compliance Officers. If you are uncomfortable speaking with one of the Compliance Officers because he or she works in your department or is one of your supervisors, please contact the Chairman of the Audit Committee.

Clarifying Questions and Concerns; Reporting Possible Violations

If you encounter a situation or are considering a course of action and its appropriateness is unclear, discuss the matter promptly with your supervisor or one of the Compliance Officers; even the appearance of impropriety can be very damaging to the Company and should be avoided. If you are aware of a suspected or actual violation of Code standards by others, you have a responsibility to report it. Anonymous reporting procedures are listed on the final page of this Code. You should raise questions or report potential violations of this Code without any fear of retaliation in any form – it is our policy not to retaliate in such circumstances and we will take prompt disciplinary action against any employee who retaliates against you, up to and including termination of employment.

Supervisors must promptly report any complaints or observations of Code violations to the one of the Compliance Officers. The Compliance Officer will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Your cooperation in the investigation will be expected. As needed, the Compliance Officer will consult with the Legal department, the Human Resources department or the Audit Committee. In particular, each quarter, the Compliance Officers will submit a written report to the Audit Committee, signed by each Compliance Officer, stating the nature of all complaints or observations of Code violations received since the prior quarter and the current status of any investigations or remedial actions taken in response to earlier Code violations reported to the Audit Committee. If one of the Compliance Officers has received or been notified of a violation of Section 2 of this Code, or of a Code violation that the Compliance Officer determines may require immediate evaluation by the Audit Committee, the Compliance Officer shall contact the chairperson of the Audit Committee so that the chairperson may decide whether an earlier evaluation is warranted.

If the investigation indicates that a violation of this Code has probably occurred, we will take such action as we believe to be appropriate under the circumstances. If we determine that an employee is responsible for a Code violation, he or she will be subject to disciplinary action up to, and including, termination of employment and, in appropriate cases, civil action or referral for criminal prosecution. Appropriate action may also be taken to deter any future Code violations.

Identification of Responsible Parties; Anonymous Reporting Protocols

The Compliance Officers may be contacted in person or by using any of the following options:

Compliance Officer	Email	Phone	Mailing Address
Brian McGee	bmcgee@lexar.com	(510) 413-1201	47300 Bayside Parkway Fremont, CA 94538
Eric Whitaker	legaldepartment@lexar.com	(510) 413-1200	47300 Bayside Parkway Fremont, CA 94538
Larissa Cochron	lcochro@lexar.com	(510) 413-1292	47300 Bayside Parkway Fremont, CA 94538

If you are uncomfortable speaking with one of the Compliance Officers, please contact the Chairman of the Audit Committee. The current Chairman of the Audit Committee is William T. Dodds who can be reached via telephone at (416) 364-8700.

Alternatively, for complaints about accounting and auditing, employees may submit an anonymous complaint to report a violation of this Code by calling 1-800-217-7741 to utilize a twenty-four (24) hour, seven (7) days per week hotline. All such reports will remain confidential and will be promptly communicated to the Chairman of the Audit Committee.

15. No Rights Created

This Code is a statement of fundamental principles, policies and procedures that govern the Company's employees, officers and directors in the conduct of Company business. It is not intended to and does not create any legal rights for any customer, supplier, competitor, stockholder or any other person or entity.

Appendix A
Disclosure Committee
(Updated September 2005)

Brian McGee
Eric Whitaker
Dale Brown
Tim Sullivan
Colin Kavanagh
Sasha Pesic