



## Adaptec Policy Guide

**Policy: 10.00 Business Practices**

**Date: June 2005**

**Subsection: 10.01 Code of Business Conduct, Ethics, and Compliance**

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### Purpose

Adaptec expects the highest ethical conduct from its directors, Chief Executive Officer, President, Chief Financial Officer, Section 16 Officers, Financial Controllers, and all its managers and employees (whom we collectively refer to in this Code as "employees"). Full compliance with this Code is mandatory. There shall be no waiver of any part of this Code for Adaptec's directors or executive officers, except by a vote of the Board of Directors or a designated committee of the Board, which will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect Adaptec. In accordance with the rules of the U.S. Securities and Exchange Commission and The Nasdaq Stock Market, any amendment to, or waiver (including an implicit waiver) of, this Code that applies to Adaptec's directors or executive officers will be publicly disclosed in a Current Report on Form 8-K, together with all information regarding such amendment or waiver required by the applicable rules and regulations of the Securities and Exchange Commission and The Nasdaq Stock Market.

Adaptec strives to operate its worldwide business in accordance with the highest ethical standards in every business relationship and to comply with the applicable laws of the United States and other jurisdictions in which the Company operates. Adherence to the standards of business conduct set forth in this Code is vital to the success of Adaptec.

This Code applies to all Adaptec employees worldwide. Employees are responsible for being aware of the policies applicable to their business activities and for complying fully with them. Failure to observe the basic principles of good business practices set forth in this Code will be regarded as contrary to the best interest of the Company. Therefore, those not complying with the Code will be subject to disciplinary action up to and including termination of employment.

### Scope

This policy applies to the Company's Board of Directors, Chief Executive Officer, President, Chief Financial Officer, Section 16 Officers, Financial Controllers, and all of its managers and employees (whom we collectively refer to in this Code as "employees").

### Policy Owner

Chief Executive Officer

### Policy

### Ethics

Employees should act honestly and with integrity, avoiding actual or apparent conflicts of interest in professional business relationships. All applicable laws, rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies, must be followed.

Employees are to act responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing independent judgment to be subordinated. Professional and ethical conduct should prevail in all aspects of business, and in the use of and control of all Company assets and resources employed or entrusted to the employee.

Employees must also respect the rights of other employees and third parties. Their actions must be free from discrimination, libel, slander or harassment. Each person must be accorded equal opportunity, regardless of age, race, sex, sexual preference, gender identity, color, creed, religion, national origin, marital status, veteran's status, handicap or disability.

Misconduct cannot be excused because it was directed or requested by another. In this regard, employees are expected to alert their manager or another member of management whenever an illegal, dishonest or unethical act is discovered or suspected. Employees will not be penalized for reporting their discoveries or suspicions.

## **Compliance with Laws**

Employees must always obey the law and comply with all applicable governmental laws, rules and regulations while performing their duties to the Company. Success depends upon each employee operating within legal guidelines and cooperating with authorities. It is essential that all employees know and understand the legal and regulatory requirements that apply to our business and to their specific area of responsibility. While employees are not expected to have complete mastery of these laws, rules and regulations, employees are expected to be able to recognize situations that require them to consult with others to determine the appropriate course of action. If any employee has a question in the area of legal compliance, the employee should approach their manager immediately.

## **Financial Disclosure**

Public communications and filings: It is the Company's policy to make full, fair and accurate public disclosure of all information required to be disclosed by law, regulation, or sound business policy, such as Company sales and earnings, and that such disclosure be timely and understandable. However, such disclosure is to be made only through specifically established channels approved by Adaptec. Specific officers of the Company have been authorized to discuss its affairs with industry analysts, financial analysts, media representatives, government officials, and other outsiders. Only those officers are authorized to discuss Company affairs with such persons. Information relating to the Company that is of a financial nature, or which may be of material importance to investors, may not be disclosed except by the Company's Chief Financial Officer, President, or its Chief Executive Officer or their designees.

Additional information regarding the Company's policy with respect to financial disclosures can be found in the Adaptec Policy on Fair Disclosures to Investors.

While many employees may not be familiar with accounting procedures, it is the responsibility of each employee to accurately report all financial records. Employees should continually ask questions if they think they may be seeing issues such as: financial results that seem inconsistent with business performance, inaccurate financial records (including time and expense reporting), the absence of processes or controls to protect assets, confidential information being released to unauthorized third parties, etc.

## **Anti-trust Compliance - Fair Competition Laws**

The purpose of antitrust laws is to encourage competition, which benefits consumers by prohibiting unreasonable restraints on trade. Adaptec must compete vigorously for business while at the same time adhering to both the letter and spirit of antitrust laws. Any agreement, understanding or arrangement, expressed or implied, formal or informal, in restraint of trade or commerce is prohibited by antitrust laws. All employees must avoid even the appearance of engaging in restraint of trade.

The purpose of the fair competition laws, such as the federal and state antitrust, monopoly, fair trade or cartel laws, is primarily to prohibit interference with the natural functioning of a competitive market system. Adaptec is committed to fully complying with all laws applicable to its businesses and operations. Therefore,

all employees are specifically prohibited from entering into any unlawful agreement or conspiracy with any competitor for the purpose of restricting competition illegally, fixing prices, or practicing unjust discrimination between customers, unfair methods of competition, or deceptive trade practices. Employees who engage in such prohibited conduct will be subject to immediate termination.

Employees are expected to deal fairly and honestly with customers, suppliers, employees and anyone else with whom they have contact in the course of performing their duties to the Company. Making false or misleading statements about our competitors is prohibited by this Code, inconsistent with our reputation for integrity and harmful to our business. In addition, no employee may through improper means acquire proprietary information from others, possess trade secret information, or induce disclosure of confidential information from past or present employees of other companies. Employees may not take unfair advantage of anyone through misuse of confidential information, misrepresentation of material facts or any other unfair business practice.

## **Anti-Competitive Situations**

Companies may not enter into agreements with other companies, however informally, that are unlawful. One example of such a prohibited agreement is one between competitors to charge the same price for their products. Other examples include: agreements between competitors to divide markets, to divide customers or to control production; or a company's agreement with its supplier that the supplier will not sell to competitors of the company. These and any other agreements that illegally limit competition are strictly prohibited.

To ensure compliance with the fair competition laws, all contracts and agreements between Adaptec and other persons and companies must be reviewed and approved by Adaptec's legal counsel before becoming final. Every operations manager is responsible for being familiar with the antitrust laws and making sure that each employee under his or her direction adheres to those laws.

## **Bribes and Kickbacks**

Employees shall not accept gifts, cash or services from a supplier or customer other than as an ordinary social amenity. Adaptec employees may not accept anything that may be construed as a bribe or kickback. A bribe or kickback includes any item intended to improperly obtain favorable treatment. If a supplier offers an Adaptec employee a bribe or kickback, the employee should report the attempt to his/her manager or another member of management.

Equivalent rules apply to the giving of gifts. They should never be offered as bribes or be construed as bribes. Gifts and entertainment for customers, potential customers, suppliers, or candidates for employment, must support Adaptec's legitimate business interests and should be reasonable and appropriate.

An ordinary social amenity is a gift of incidental value (i.e., \$50 or less), which could not possibly suggest that it was given or received in order to influence the employee's judgment. Employees are permitted to accept infrequent gifts of a restaurant meal or other items of equivalent value, as long as good judgment is exercised in accepting them. If you are unsure about the gift or service offered, explain that Company policy prohibits accepting the gift or service.

Employees may not give money or any gift to an executive, official or employee of any supplier, customer, government agency or any other organization, if doing so could reasonably be construed as seeking special favor in connection with Adaptec's business.

In countries where local customs call for giving gifts to customers or others on special occasions, employees, with prior approval of their manager, may present gifts that are lawful, appropriate and of nominal value.

If an employee has a question as to whether an activity is restricted or prohibited, they should contact their direct manager or another member of management before taking any action.

## **Government Customers & Suppliers**

An acceptable practice in the private sector business environment may be unacceptable, and even unlawful, in dealing with government employees. Therefore, employees must be aware of and adhere to the relevant laws and regulations governing relations between government customers and suppliers. Any questions should be referred to the Legal Department.

## **Conflicts of Interest**

We expect our employees to avoid conflicts of interest. A conflict of interest exists when an employee's loyalties or actions are divided between Adaptec's interests and those of another, such as a competitor, supplier or customer.

In evaluating whether an actual or contemplated activity may involve a conflict of interest, an employee 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.

It is the employee's responsibility to discuss with his/her direct manager whether a certain activity or relationship creates a conflict of interest.

## **Outside Employment**

Working for a competitor or supplier as an employee, consultant or a member of a board of directors is generally prohibited. A competitor is an organization that markets products or services in competition with Adaptec's current or potential products or service offerings. Employees may not perform outside work or solicit such business on Adaptec premises or while working on Adaptec time, including paid time to handle personal matters. Furthermore, employees are not permitted to use Adaptec equipment, telephones, materials, resources or proprietary information for any outside work. Failure to comply with Adaptec's policy regarding outside employment will be considered misconduct and will be grounds for disciplinary action up to and including termination.

## **Outside Associations**

Adaptec does not intend to discourage the participation or association of employees in any civic, welfare, political, or similar organizations. If the nature of the association is such that Adaptec's name may be publicly identified with the outside organization, it is expected that employees will not use Adaptec's name to lend weight or prestige to any political party or cause, or to the products or services of any other business. Furthermore, when an employee speaks out on public issues, they should do so as an individual, and not as a representative speaking on Adaptec's behalf.

## **Outside Directorships**

Any employee invited to serve as a director of an outside company should, before accepting such an offer, obtain approval from their manager and the Chief Executive Officer. In situations of an obviously controversial or sensitive nature, employees are expected to seek the guidance of management before making any commitments that might potentially reflect on Adaptec.

## **Political Contributions & Activities**

Adaptec will not make contributions or payments to political parties or candidates. Nor will Adaptec provide any other form of support that may be considered a contribution. Additionally, no employee is authorized to make any direct or indirect political contribution of any kind on behalf of Adaptec. In making personal political contributions, consideration should not be given to the possibility that such contributions will be helpful to the interest of Adaptec, nor should they be made for that purpose.

Adaptec legally cannot give employees time off with pay for political activity because it is considered an "in-kind" political contribution. Political activities include any time spent running for public office, serving as an elected official or campaigning for a political candidate or cause. Employees may use their vacation time for such activities in accordance with the procedures governing all vacation scheduling.

## **Insider Trading**

Adaptec has adopted an Insider Trading policy that prohibits trading based on material, non-public information regarding the Company or other companies with which Adaptec does business ("Inside Information"), including "tipping" others who might make an investment decision on the bases of such Inside Information. The Insider Trading policy covers all employees of, or consultants or contractors to, the Company, as well as family members of such persons, and others.

Trading based on Inside Information is prohibited, and persons who engage in insider trading may be liable under civil and criminal federal and state securities laws. For more information on insider trading, employees should refer to the Company's Insider Trading Policy.

## **Reporting of Violations of this Policy**

Employees are encouraged to bring any concerns they may have, for example, about their own or someone else's conduct, an uncertainty about the meaning of a particular regulation, a suspicion that someone they work with may have done something questionable or an issue with an action the Company is taking, or any information regarding an actual or suspected violation of this Policy, to the attention of the Company by discussing the issues with their manager or with another member of management. If the employee is uncomfortable speaking with their manager, the Company strongly encourages the employee to contact a management representative in the Human Resources Department or an attorney in the Company's Legal Department. All such communications will be treated with the highest regard for confidentiality.

The Company will not take any adverse employment action against an employee on the basis of his/her reporting of a known or suspected violation of this Policy. Under no circumstance shall any employee who reports a violation of this Policy be discharged, demoted, suspended, threatened, harassed, or in any way discriminated against or retaliated against by reason of having made such a complaint.

The Company 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.

Employees have access to all Adaptec policies on the Adaptec intranet. They must abide by the policies as a condition of employment.