

Code of Business Conduct

For Network Equipment Technologies, Inc. and its Affiliated Companies

Adopted by the Board of Directors on January 13, 2004.

Note: Text in italics is from the NYSE Corporate Governance Rules, except the text in italics under “Disclosure, Representations and Statements to the Public” is from Section 406 of the Sarbanes-Oxley Act.

PURPOSE

Network Equipment Technologies, Inc., including its affiliated companies (collectively referred to as NET or the Company) will conduct its business honestly and ethically, seeking to maintain a reputation for fair dealing, responsibility and integrity. The purpose of this written Code of Business Conduct is (1) to declare NET’s expectation that the Company itself and all employees, as well as members of the Board of Directors, will follow such principles, (2) to guide employees in their decisions and behavior, through both general and specific guidelines, and (3) to establish accountability for adherence to such principles.

EXPECTATION OF ETHICAL CONDUCT

The Company expects its employees, and members of its Board of Directors, to adhere to high standards of personal integrity in the performance of their duties. Much of this Code of Business Conduct is based on general principles. If you are concerned about an ethical question or are not sure how to proceed in a given situation, you should feel free to discuss the situation with your manager, or the Legal or Human Resources departments. Often, a good tool for helping you decide when to get advice is to ask yourself whether the conduct might be embarrassing, or viewed negatively, if the details were disclosed to the rest of the Company, to members of your family, or in the public media.

STANDARDS OF CONDUCT

Conflicts of interest

As an employee of NET, or member of the Board of Directors, you are expected to make decisions in the best interests of the Company, and not for personal or third-party gain. A “*conflict of interest*” occurs when your private interest interferes in any way with the interests of the Company as a whole. Often, the appearance of a conflict of interest can be damaging by itself. You must avoid conflicts of interest, as well as the appearance of conflicts of interest.

As a general rule, you should avoid situations or activities that might make it difficult to perform your work objectively and effectively. By way of example, conflicts of interest can arise when you, or a member

of your family, receives improper personal benefits as a result of your position in the Company. Loans by the Company, or guarantees of loans or other obligations, are of special concern.

If the Company believes it necessary to resolve a conflict of interest, the Company may take actions such as requiring the return of a gift or termination of an outside relationship. Because it is impossible to anticipate all conflict of interest situations that might develop, you are encouraged to seek guidance whenever a potential conflict arises.

Corporate opportunities

You must not (a) take for yourself personally opportunities that are discovered through the use of corporate property, information or position; (b) use corporate property, information, or position for personal gain; or (c) compete with the company. You owe a duty to the company to advance its legitimate interests when the opportunity to do so arises. If you are an officer of the Company, you have an additional obligation not to take advantage (for personal gain) of any opportunity that the Company may have an interest in pursuing, even if your knowledge of the opportunity is obtained independently of your relationship with the Company.

Confidentiality

You must maintain the confidentiality of information entrusted to you by the company or its customers or suppliers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the company or its customers, if disclosed.

Fair dealing

You should endeavor to deal fairly with the company’s customers, suppliers, competitors and employees. Do not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Protection and proper use of company assets

You must 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, including computers and other equipment, are to be used in accordance with Company policies, and only for legitimate business

purposes or such other limited use as may be allowed by Company policies.

Compliance with laws, rules and regulations (including insider trading laws) and Company policies

You must understand and comply with all laws, rules and regulations applicable to your position in the Company, including, for all employees, the insider trading laws. Insider trading is both unethical and illegal, and will be dealt with decisively. Be familiar with and comply with the Company's policies as they apply to you, including the Insider Trading Policy as well as administrative policies such as those regarding business travel and expenses.

Foreign payments

Payments to be made to any foreign government agency should be reviewed by the Company's finance or legal departments before being made for the first time, and no payments should be made to any foreign government official, political party, party official or candidate.

Disclosure, representations, and statements to the public

In reports and documents filed with or submitted to the SEC, in other public communications by the Company, and in communications with other employees, management, the board of directors, and stockholders, always provide information that is full, fair, accurate, timely, and understandable. You should review the Company's Media Relations Policy (Policy #85, available on the Company's intranet), which provides that all communications with the media, stockholders, and other members of the financial community be handled only by the Corporate Relations department and other designated officers of the Company.

Do not create or assist anyone to create any false document or any false or misleading entry in any book or business record. No unrecorded or "hidden" funds or assets are permitted by the Company.

COMPLIANCE STANDARDS

Accountability

Violations of this Code of Business Conduct will subject you to disciplinary action, including the possibility of immediate discharge. Nothing in this Code of Business Conduct shall affect the "at will" nature of your employment.

Reporting of illegal or unethical behavior

You are encouraged to talk to your manager when in doubt about the best course of action in a particular

situation. You are also free to elevate any issues to a higher level of management without fear of retribution. If you have questions concerning any aspect of this Code of Business Conduct, contact the Company's Human Resources or Legal department.

You shall promptly report violations of laws, rules, regulations or this Code of Business Conduct to the Company's Human Resources or Legal department. For confidential complaints, such as complaints regarding questionable accounting or auditing matters, you may use the Company's anonymous "[whistleblower](#)" reporting system, which is available on the Company's intranet.

Every manager is responsible for *proactively promoting ethical behavior in the Company, and encouraging the reporting of illegal or unethical behavior.*

No retaliation

The company will not allow retaliation for reporting violations under this Code of Business Conduct, so long as the report is made in good faith.

Waivers

Any waiver of this Code of Business Conduct for executive officers of the Company or members of its Board of Directors may be made only by the Board (or a committee of the Board) and shall be promptly disclosed to stockholders.