

## Code of Business Conduct and Ethics

### Purpose

To provide a guide to ethical decision-making by all directors, officers and other employees of SMSC.

### Policy

SMSC's Code of Business Conduct and Ethics, which is embodied in the following standards, has been adopted by SMSC's management and Board of Directors as a guide to ethical decision-making by all directors, officers and other employees of SMSC and its subsidiaries. We are committed to uncompromising integrity in all that we do and how we relate to each other and to persons outside SMSC. While the standards in the Code are mainly based on laws to which we are all subject, in some cases they go beyond legal obligations. In this respect, the Code reflects the values that define SMSC and the principle that we must strive to avoid any circumstances that may give rise to even an appearance of impropriety. The standards in this Code may be further explained or implemented through policy memoranda or other compliance manuals, including those relating to specific areas of our business. Copies of this Code and related memoranda and manuals, if any, will be available in our Human Resources and Legal Departments, as well as on an electronic database, which can be accessed via SMSC's Intranet and Lotus Notes system.

### Procedure

Each of us is personally responsible for making sure that our business decisions and actions comply at all times with the letter and spirit of this Code. Given the pace of changes in our industry, no set of standards should be considered the final word in all circumstances. When you have doubts about the application of a standard or where we have not addressed a situation that presents an ethical issue, you should seek guidance from your immediate supervisor/manager or from the Legal Department. In addition, each of us has a duty to report behavior on the part of others that appears to violate this Code or any other compliance policy or procedure of SMSC.

All supervisory and management personnel, including all officers and directors of SMSC, have a special responsibility to lead according to the standards in this Code, in both words and action. Our supervisory and management personnel are also expected to adhere to and promote our "open door" policy. This means that all levels of management are available to anyone with ethical concerns, questions or complaints. We also maintain a confidential "hot line" that you can contact in those circumstances, the details of which are set out at the end of this Code. All concerns, questions and complaints will be taken seriously and handled promptly, confidentially and professionally. No retaliation will be taken against any employee for raising any concern, question or complaint in good faith.

The following standards of conduct will be enforced at all organizational levels. Anyone who violates them will be subject to prompt disciplinary action, including possible dismissal for cause.

## **Compliance with Laws, Rules and Regulations, Etc.**

It is the SMSC policy to be a good “corporate citizen.” Wherever we do business, employees of SMSC are required to comply with all applicable laws, rules and regulations. Employees are also responsible for complying with requirements of contracts that we have entered into with other parties, such as intellectual property licenses (for example, software licenses related to software packages used in our business), confidentiality agreements, leases, etc. The standards in this Code must of course be interpreted in light of the law and practices of the countries where we operate, as well as good common sense. Reasons such as “everyone does it” or “it’s not illegal” are unacceptable as excuses for violating this Code. Any suspected or actual violation of any applicable law, rule or regulation or our contractual undertakings should be reported immediately to the employee’s immediate supervisor/manager or the Legal Department.

## **Conflicts of Interest**

A conflict of interest occurs whenever our private interests interfere with the interests of SMSC as a whole. In order for SMSC to carry out its business effectively, it must be assured of its employees’ loyalty. Employees must therefore refrain from entering into relationships that might impair their judgment as to what is best for SMSC. Even relationships that give the appearance of a conflict of interest should be avoided wherever possible. You cannot avoid these standards by acting through someone else, such as a friend or family member.

There are many different ways in which conflicts of interest arise. For example, personal financial interests, obligations to another company or governmental entity or the desire to help a relative or friend are all factors that might divide our loyalties. To clarify what we mean, we have set out below our policies about the most common types of conflict of interest.

Employees who believe it is not possible to avoid a conflict of interest must bring this to the attention of, and make full written disclosure of the surrounding circumstances to, their immediate supervisor/manager, who should in appropriate circumstances bring it to the attention of the Legal Department.

### ▶ Outside Employment and Directorships

Employees, officers and members of the Board of Directors of SMSC may not work for or receive compensation for services from any competitor, customer, distributor or supplier, where any material conflict of interest exists, without the approval of the Legal Department or the Board of Directors, as appropriate. In addition, officers and other employees may not engage in any “moonlighting” (working for or receiving compensation for services from any third party) that could in any way interfere with the employee’s responsibilities to SMSC. Many of these situations are likely to present conflicts of interest. Even where approval is granted, employees, officers and members of the Board of Directors must take appropriate steps to separate SMSC and non SMSC activities. The Legal Department will assist you in determining what steps are appropriate.

### ▶ Investments

Employees, officers and members of the Board of Directors of SMSC may not have significant financial interests in any competitor, customer, distributor or supplier where this would influence, or appear to influence, their actions on behalf of SMSC. An interest shall not be deemed to be "significant" to the extent the individual either owns (i) less than two percent of any class of the issued and outstanding securities of a corporation that is traded on a national securities exchange or in the over-the-counter market, or (ii) less than two percent of any class of unlisted or untraded securities of a corporation or other entity and such individual does not have any ability (whether by contract or otherwise) to influence the management or operations of that entity. The safe harbor provided by the preceding sentence, however, does not affect your duty of loyalty to SMSC as described above under "Conflicts of Interest. If there is any doubt about how an investment might be perceived, you should discuss it in advance with your immediate supervisor/manager or the Legal Department.

▶ Loans to Employees

Loans to and guarantees of obligations of employees incurred for personal reasons can also present conflicts of interest. Such loans are prohibited by law in the case of SMSC's directors and executive officers.

▶ Acceptance of Gifts and Entertainment

The acceptance of gifts or entertainment by employees or members of their family may present a conflict of interest. While employees are permitted to accept gifts of nominal value (approximately \$100 or less), such as unsolicited promotional items, they are prohibited from accepting anything that might reasonably be deemed to affect their judgment or that is accompanied by any express or implied understanding that the recipient is in any way obligated to do something in exchange for the gift. However, a gift of more than nominal value may be accepted if, in the good judgment of the SMSC person, it appears that the gift was genuinely aimed at facilitating honest and legal business activities with the outside business contact, and, again in the good judgment of the SMSC person, declining such a gift would offend the giver. Any gift of more than nominal value accepted by an SMSC person must be given promptly to the Human Resources Department, which will donate it to a charitable cause or make use of it in some appropriate way in which neither the intended recipient of the gift nor SMSC realizes the benefit of the gift. Similarly, employees may accept entertainment, but only insofar as it is reasonable in the context of the business at hand and facilitates SMSC's interests. When practical, hospitality should be reciprocated. Employees are strictly prohibited from soliciting gifts, gratuities or business courtesies for the benefit of themselves or for any family member or friend.

▶ Family Members and Close Personal Relationships

SMSC's standards of conduct are not intended to intrude on our personal lives. Situations may arise, however, where our relationships with family members and friends create conflicts of interest. Generally, employees are prohibited from being in the position of supervising, reviewing or having any influence on the job evaluation or salary of their close relatives. Employees who have family members or friends that work for businesses seeking to provide goods or services to SMSC may not use their personal influence to affect negotiations. Employees who have relatives or friends that work for



competitors should bring this fact to the attention of their immediate supervisor/manager and discuss any difficulties that might arise and appropriate steps to minimize any potential conflict of interest.

► Public Service

We encourage our employees to be active in the political and civic life of their communities, including charitable or educational activities. When doing so and making any public communication, you should clarify that your views are yours individually and are not being expressed on behalf of SMSC. Your participation in or service to the community may also at times place you in a situation in which a conflict of interest with SMSC could arise. This could occur, for example, where the community is engaged in a negotiation with SMSC for goods or services or with respect to some other matter. The law may require or permit you to abstain from any decision where these circumstances exist, depending on your position within SMSC and other factors. Before participating in such a decision, you should seek advice from legal counsel for the community and the Legal Department and should in any event make it clear to the responsible persons that you are an employee of SMSC. If you do abstain, you should make it clear that your action is to avoid a potential conflict of interest or the appearance of one. You may not engage in any type of solicitation or distribution activities not relating to the business of SMSC on SMSC premises without the approval of your immediate supervisor/manager.

You must avoid making political contributions as a representative of SMSC, lobbying activities or even the appearance of lobbying any governmental body or public official as a representative of SMSC without the express approval of the Legal Department.

**Exemplary Questions and Answers about Conflicts of Interest**

- Q: I have developed a friendship with a supplier to SMSC and am considering entering into a partnership with him in a business venture unrelated to SMSC. Is this against SMSC policy?
- A: Most likely. Even if you are able to keep your personal and financial dealings from affecting your judgment on behalf of SMSC, others may perceive that you are biased. You should discuss your plans with your supervisor/manager or the Legal Department before proceeding.
- Q: I do a lot of traveling for SMSC. Can I use the frequent flyer coupons I receive from airlines for my personal travel plans?
- A: It is generally permissible for you to use the frequent flyer coupons and other non-cash benefits you acquire for personal travel. You may not, however, attempt to manipulate the travel plans SMSC makes for you in order to receive such benefits. Any additional expense you cause SMSC to incur for your benefit amounts to a misappropriation of SMSC funds.
- Q: My husband owns a landscaping business. I'm sure he can provide SMSC with a product that is competitive in terms of quality and price. Can he solicit work from

SMSC?

A: Your husband might be able to solicit work from SMSC, provided that he does not use your employment with SMSC to influence the selection process.

### **Corporate Opportunities**

Employees may not appropriate to themselves, or to any other person or organization, the benefit of any business venture, opportunity or potential opportunity that they learn about in the course of their employment and that is in SMSC's line of business without first obtaining SMSC's written consent. It is never permissible for directors, officers or other employees to compete against SMSC, either directly or indirectly. Directors, officers and other employees owe a duty to SMSC to advance its legitimate interests when the opportunity to do so arises.

### **Securities Laws and Insider Trading**

In the course of their duties, employees may be exposed to information about SMSC or other companies that is not available to the general public. The use of such nonpublic or "inside" information for securities trading purposes is strictly forbidden, whether by the employee or any of his or her family members or any other person to whom the employee may have communicated the information. It is not only unethical, but also illegal and could expose the employee to civil and criminal penalties.

U.S. law prohibits anyone who possesses "material" non-public information about a company to trade its stock or other securities. "Material" information is usually defined as any information that might influence a reasonable investor to buy, sell or hold stock. Common examples include financial results, financial forecasts, possible mergers, acquisitions or divestitures, significant product developments and major changes in business direction. U.S. law also prohibits anyone who possesses material, non-public information from using it to tip anyone else who might trade on it.

Violation of the law may result in civil and criminal penalties, including fines or jail sentences. Any employee who is uncertain about the legal and other rules governing purchases and sales of securities they wish to make should review SMSC's policies regarding trading in SMSC securities and, if questions persist, consult the Legal Department and the employee's personal legal counsel before trading. Any employee who engages in insider trading will be subject to prompt disciplinary action, including possible dismissal for cause, in addition to the possible civil and criminal penalties mentioned above.

### **Exemplary Questions and Answers about Insider Trading**

**Q:** When I began work, SMSC offered me a stock option allowing me to buy SMSC stock at a good price. Does SMSC's insider trading policy limit when I can exercise the option?

**A:** While insider trading laws do not apply to the exercise of stock options, they do apply to the sale of stock received through options. It is permissible for you to exercise a stock option even though you possess material, inside information. However, you must not sell the stock you receive until the information has been made public.

**Q:** I told my sister-in-law about a new product one of our vendors is secretly planning to introduce on the market. Now she would like to buy stock in the company. Our insider trading policy doesn't apply to her, does it?

**A:** If you possess material, inside information, you are prohibited from using it yourself, and you must not reveal the information to anyone else who might use it for personal gain. A friend or relative who trades on inside information you acquired at work will be subject to the same penalties as you would be if you traded on it. In addition, you might be penalized for revealing the information.

### **Confidential and Proprietary Information**

Information is a valuable corporate asset. All employees have a duty to safeguard confidential and proprietary information about SMSC and information that our suppliers and customers have entrusted to us. Generally speaking, confidential and proprietary information is information that has not been disclosed to the general public or that gives our business an advantage over our competitors or could expose us to harm or liability if released prematurely or inappropriately. Common examples include formulas, designs, inventions on which a patent has not yet been issued and trade secrets, as well as financial information, corporate strategy, information about relationships with our customers and suppliers, and information about our employees. Employees who are unsure about whether information should be treated as confidential or proprietary must consult with their immediate supervisor/manager or the Legal Department.

Employees must remain conscious at all times of their duty to protect confidential and proprietary information. For example, confidential or proprietary information should never be discussed in public places such as elevators, airplanes or restaurants. In no event should confidential or proprietary information be disclosed to third parties without the express written consent of SMSC management and the Legal Department, unless this is otherwise legally required, in which case SMSC management and the Legal Department must be informed in advance of the disclosure.



The duty to preserve SMSC's confidential and proprietary information is not limited to our employees' period of employment, but continues even after they have left SMSC.

### **Exemplary Questions and Answers about Confidential and Proprietary Information**

**Q:** Can I reveal confidential information about the SMSC to my spouse when I talk with her about my work? I'm sure that she will keep it secret.

**A:** It is not permissible for you to reveal confidential information about SMSC to your spouse. Although you and your spouse have a confidential relationship with each other, she does not have a confidential relationship with SMSC. Because of this, you must be careful not to discuss confidential information with her. This is true of anyone outside SMSC, including other close family members.

**Q:** How can I tell if information is proprietary or confidential if it isn't marked?

**A:** There are no hard and fast rules with respect to information that is not marked. Such information must be judged on the basis of its content. If you are not certain whether information has been made available to the public, you should presume it is proprietary and confidential.

## **Fair Dealing**

SMSC is committed to dealing fairly and honestly with its customers, suppliers, competitors and employees.

### **► Our Customers**

Doing business in an honest and fair manner with our customers means that we must earn their business based on the quality of our products and services and our ability to fulfill our commitments. Where our products or services are required to meet customer specifications, employees are prohibited from using or fabricating false data in such a way as to suggest compliance with these specifications when it has not been achieved. In addition, it is against SMSC's policy to refuse to deal with customers because they are also buying products and services from our competitors (failure to adhere to this policy could also constitute a violation of antitrust laws).

Employees responsible for customer invoicing are required to reflect accurately on invoices the price of services or products sold and all other terms. Employees may not offer customers any benefits or rewards that violate applicable law or our business practices or policies (e.g., SMSC's policies on customer discounts) or that have more than nominal value (approximately \$100 or less). Reasonable business entertainment is permitted, including at traditional promotional events, so long as it is not in violation of applicable law and would not subject SMSC to criticism if disclosed publicly.

Nonetheless, employees of SMSC Japan that comply with that company's written internal rules filed with the government of Japan and applicable to them for the offering of benefits or rewards are not required to comply with the restrictions set forth in this paragraph relating to nominal value.

▶ **Our Suppliers**

Doing business in an honest and fair manner with our suppliers means that employees responsible for buying or leasing materials and services on behalf of SMSC must do so objectively. We choose to deal with our suppliers on the basis of the price, quality and desirability of their goods and services. Employees must not accept or seek out any benefit from a supplier or potential supplier that would even appear to compromise their judgment.

▶ **Our Competitors**

It is SMSC's policy to compete aggressively and creatively in the marketplace and to utilize all reasonable legitimate corporate resources to achieve SMSC's business objectives. However, employees should not provide any false information about SMSC's competitors or their products and services. SMSC intends to continue to achieve its business objectives on the merits of its own products, capabilities and pricing compared with the competition.

Employees are strictly forbidden from using any illegal or unethical methods to gather competitive information. This includes stealing proprietary information or trade secret information or attempting to induce disclosure of such information by past or present employees of other companies through misrepresentation or other means. Anyone with a concern about the legality of information they possess or the means by which it was gathered should consult with the Legal Department. Employees should treat information about our competitors with sensitivity and discretion. This information should be made available only in the proper context and to employees with a legitimate need to know.

▶ **Our Employees**

SMSC recognizes that its employees are its most valuable resource. SMSC values the contributions that each of its employees makes and is committed to treating every employee with respect. This includes preserving the confidentiality of employee records, refraining from unwarranted intrusions into employees' privacy and supporting to the greatest extent possible employees' aspirations in the workplace.

**Competition Restrictions**

In most countries, there are laws that govern the ways in which SMSC may compete. The purpose of these laws (sometimes known as "competition" or "antitrust" laws) is to prevent interference with a competitive market system. Under these laws, companies or individuals may not enter into formal or informal agreements with other companies or individuals or engage in certain other activities that unreasonably restrict competition. Illegal practices can include, among others, price fixing, allocating customers or territories or unlawfully abusing a dominant market position.

In contacts with competitors, employees are generally prohibited from discussing competitively sensitive information, such as pricing policies, contract terms, costs, inventories, marketing and product plans, market surveys and other proprietary or confidential information. Such discussions or any collaboration with a competitor about competitively sensitive matters can be illegal. While discussions of some sensitive information may, under certain circumstances, be permissible, no such discussions with competitors should take place without prior approval of SMSC management and the Legal Department. Employees are required to report promptly to the Legal Department any instance in which a competitor has raised any of these topics or otherwise suggested collaboration with respect to any of them.

### **Protection and Proper Use of SMSC Assets**

SMSC's success requires a commitment on the part of all of its employees to the proper allocation and use of its assets, tangible and intangible. For these purposes, SMSC's assets include equipment, supplies, real estate, tools, inventory, computer systems and equipment, computer software, computer data, vehicles, records or reports, nonpublic information, intellectual property or other confidential or proprietary information or materials and telephone, voice mail or e-mail communication systems, as well as SMSC funds in any form. We have a duty to protect SMSC's assets from loss, damage, misuse, theft or sabotage. We must also ensure the efficient use of SMSC's assets.

### **Accurate Books and Records**

U.S. law requires SMSC to make sure that its books and records accurately and fairly represent transactions and dispositions of our assets in reasonable detail. In all of our operations, it is a violation of SMSC policy, and possibly illegal, for any employee to cause our books and records to be inaccurate in any way. Employees must never create or participate in the creation of records that are misleading or artificial. Employees are expected to cooperate fully with our internal and independent auditors. In particular, the following requirements must be strictly respected by all employees.

#### **▶ Access to SMSC Assets, Transactions on Management's Authorization**

Access to SMSC assets is permitted only in accordance with management's general or specific authorization and transactions must be executed only in accordance with management's general or specific authorizations. Transactions involving SMSC must be recorded to permit preparation of our financial statements in conformity with generally accepted accounting principles and related requirements and to maintain accountability for SMSC's assets.

#### **▶ Accurate Books**

All SMSC books and records must be true and complete. False or misleading entries are strictly prohibited, and SMSC will not condone any undisclosed liabilities or unrecorded bank accounts or assets established for any purpose.

#### **▶ Proper Payments**



No employee may authorize payment of SMSC funds knowing that any part of the payment will be used for any purpose other than the purpose described in the documents supporting the payment.

► **Appropriate Controls**

Administrative and accounting controls must be implemented to provide reasonable assurance that SMSC is in compliance with the above requirements and that financial and other reports are accurately and reliably prepared, and fully and fairly disclose all required or otherwise material information.

**Complete, Accurate and Timely Disclosure**

SMSC is owned by the public and its shares are listed for trading on one or more exchanges, including the NASDAQ. As a result, SMSC is obligated to make various disclosures to the public. SMSC is committed to full compliance with all requirements applicable to its public disclosures. SMSC has implemented disclosure controls and procedures to assure that its public disclosures are timely, compliant and otherwise full, fair, accurate and understandable.

All employees responsible for the preparation of SMSC's public disclosures, or who provide information as part of that process, have a responsibility to assure that such disclosures and information are complete, accurate and in compliance with SMSC's disclosure controls and procedures.

**Discrimination or Harassment**

SMSC is committed to providing a work environment that is free from any form of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability or sexual preference. It is our policy to provide equal opportunity to all employees with regard to hiring, pay rates, training and development, promotions and other terms of employment. Employment decisions will comply with all applicable employment laws.

SMSC will not tolerate harassment, including sexual harassment, in any form. This includes verbal or physical conduct that demeans or threatens any employee, creates a hostile work environment, unreasonably interferes with an individual's work performance or otherwise adversely affects an individual's employment.

**Health and Safety**

SMSC strives to provide its employees with a safe and healthy work environment. We are all responsible for helping to achieve this goal by following safety and health rules. Employees must learn the safety procedures applicable to their jobs and abide by them.

**Payments to Government Personnel**

Practices that are considered acceptable in the commercial business environment, such as providing meals, transportation, entertainment or other things of value, may violate certain local, state, federal or foreign laws when we are dealing with governmental agents. Employees must not give anything of value to governmental agents if this could



be interpreted as an attempt to curry favor on behalf of SMSC. Consult the Legal Department if there is any uncertainty about permitted interactions with governmental agents.

The U.S. Foreign Corrupt Practices Act (“FCPA”) generally prohibits giving money or anything of value to foreign government officials, foreign political parties or candidates for foreign political office for the purpose of influencing a foreign government. This includes making any payments through intermediaries, such as sales representatives or consultants. Before making any payment or giving anything of value to a foreign official, employees should consult with the Legal Department. Violations of the FCPA can result in stiff civil and criminal penalties for both SMSC and the individuals involved.

Commercial bribery of any nature is a violation of SMSC policy and is illegal under U.S. law. Employees are strictly prohibited from offering any form of bribe, kickback or inducement to any person.

#### **Exemplary Questions and Answers about Payments to Government Personnel**

Q: I am doing business in a country where it is customary to provide certain “courtesies” to government officials in exchange for business. Is this a violation of company policy?

A: Even though “courtesies” such as furnishing meals, transportation or entertainment may be consistent with local custom, providing them to foreign government officials may be a violation of U.S. law. Any question concerning SMSC’s relationships with foreign officials should be referred to the Legal Department in advance of any transaction.

Q: My team and I have been working on getting approval to build a new plant in a foreign country. A government official recently asked us if we would make a contribution to her favorite charity. How should we deal with her request?

A: Before taking any action, you should consult with the Legal Department. The donation could be construed as an attempt to gain the official’s favor, in which case it would be a violation of SMSC policy.

#### **Waivers of the Code of Business Conduct and Ethics**

Any request for a waiver of any standard in this Code may be granted only by an employee’s immediate supervisor/manager and must be notified in advance to the Legal Department. Waivers involving any of SMSC’s executive officers or directors may be made only by the Board of Directors of SMSC or a designated committee of the Board, and all waivers granted to executive officers and directors will be disclosed to SMSC’s shareholders. All personnel should be aware that SMSC generally will not grant such waivers and will do so only when good cause is shown for doing so.



## **Government Investigations**

SMSC will cooperate fully with any governmental investigation. Any employee who reasonably believes that a government investigation or inquiry may be threatened or under consideration with respect to any of SMSC's operations or practices (including any outside such employee's scope of responsibilities) should so notify the Legal Department and provide the basis for such belief. Routine dealings with the government, such as our tax audits, are not covered by this notice requirement.

SMSC may not always be able to protect both its own interests and those of an employee, without giving rise to a conflict of interest. In that case, the employee may need his or her own legal counsel. Whether SMSC can pay for the employee's legal expenses will depend on legal or other restrictions and the facts and circumstances of the matter.

## **Audits; Investigations; Disciplinary Action**

Allegations of potential wrongdoing will be investigated by the proper corporate or departmental personnel and, upon the advice of the Legal Department, will be reported to the Board of Directors (or an appropriate committee thereof) and to the relevant authorities. Knowingly false accusations of misconduct will be subject to disciplinary action. All employees are required to cooperate fully with any internal or external investigation. Employees must also maintain the confidentiality of any investigation and related documentation, unless specifically authorized by the Legal Department to disclose such information.

Appropriate disciplinary penalties for violations of this Code may include counseling, reprimands, warnings, suspensions with or without pay, demotions, salary reductions, dismissals and restitution. Disciplinary action may also extend to a violator's supervisor/manager insofar SMSC determines that the violation involved the participation of the supervisor/manager or reflected the supervisor/manager's lack of diligence in causing compliance with this Code. Any person who takes any action whatsoever in retaliation against any employee who has in good faith raised any question or concern about compliance with this Code will be subject to serious sanctions, which may include dismissal for cause.

Employees are reminded that SMSC's document retention policies strictly prohibit the destruction or alteration of documentation undertaken with the intent to obstruct any pending or threatened investigation or proceeding of any nature or in contemplation of a proceeding.

## **Where to Turn for Advice**

Employees who have questions about this Code of Business Conduct and Ethics should turn to their immediate supervisors/managers in the first instance. If the immediate supervisor/manager or a higher level of the employee's management cannot answer a question about this Code, the employee should contact SMSC's General Counsel, in the Legal Department.



SMSC's "open door" policy gives employees the freedom also to approach any member of management with ethical questions or concerns without fear of retaliation. In addition, SMSC has designated the Senior Vice President and General Counsel as SMSC's Business Ethics Coordinator, who should be apprised via confidential e-mail of any ethical concern that has not been, or in the judgment of the employee cannot be, fully satisfied by an immediate supervisor/manager or other member of management. Unsatisfied ethical concerns should be explained in detail, including a description of the nature of the possible violation of this Code and an identification of the person or people the employee believes may have been engaged or may be engaging in such activities. The words "**CONFIDENTIAL – Concern About Possible Ethics Violation**" should be written in the subject line and sent to **EthicsConcern@smc.com**. This e-mail address will serve as an internal confidential hot line for the purpose of implementing this Code. All such e-mails will be automatically routed to the General Counsel and the Business Ethics Coordinator, who will be responsible for coordinating SMSC's efforts of investigating and bringing resolution to the concern and for informing the appropriate parties, such as the Chairman and Chief Executive Officer or, if the concern relates to accounting, internal accounting controls or auditing matters, the Chairman of the Audit Committee of the Board of Directors.

Alternatively, you may leave a confidential voice mail message on a secure, dedicated voice mailbox by dialing **(631) 435-6379, the Ethics Hotline** phone number. If calling from outside the United States, you should check the international telephone access code needed for calls from your location and dial "1" as the U.S. country code. You need not identify yourself in the message if you wish to remain anonymous. Please note that it is possible to identify the caller's extension if the call is made within SMSC's Hauppauge, New York facility. It is not possible to identify the caller's extension if the call comes from outside the Hauppauge facility. Callers from within the Hauppauge facility, who desire to remain anonymous, should dial "9" and then 435-6379 to avoid the possibility of having their extensions identified.

Employees who use either the email or phone number hot line are guaranteed confidential and fair treatment.

All employee communications made in good faith will be treated promptly and professionally and without any risk of retribution whatsoever.