

# **ENTERASYS NETWORKS, INC.**

## **CODE OF CONDUCT** **(as of July 30, 2004)**

## TABLE OF CONTENTS

|   |     |
|---|-----|
| INTRODUCTORY LETTER.....                                    | iii |
| 1. GENERAL POLICY.....                                      | 1   |
| A. CODE OF CONDUCT AND THE COMPLIANCE COMMITTEE.....        | 1   |
| B. SEPARATE STATEMENTS OF POLICY.....                       | 1   |
| C. VIOLATIONS OF THE CODE.....                              | 2   |
| D. DUTY TO REPORT VIOLATIONS.....                           | 3   |
| E. FURTHER INFORMATION.....                                 | 3   |
| 2. FRAUD AND THEFT.....                                     | 4   |
| 3. STOCKS AND BONDS.....                                    | 4   |
| A. SEC REPORTING AND CONTINUING DISCLOSURE.....             | 4   |
| B. INSIDER TRADING.....                                     | 5   |
| C. TRADING BLACKOUT PERIODS.....                            | 7   |
| 4. CONFIDENTIAL INFORMATION.....                            | 7   |
| 5. ACCURACY OF BUSINESS RECORDS.....                        | 9   |
| 6. PUBLIC STATEMENTS.....                                   | 11  |
| 7. GIFTS, MEALS AND ENTERTAINMENT.....                      | 12  |
| 8. GOVERNMENT RELATIONS.....                                | 12  |
| A. RELATIONSHIPS WITH GOVERNMENT PERSONNEL.....             | 12  |
| B. BUSINESS DEALINGS IN FOREIGN COUNTRIES.....              | 13  |
| 9. LAWS, RULES AND REGULATION.....                          | 13  |
| 10. CONFLICTS OF INTEREST.....                              | 13  |
| 11. PURCHASING.....   | 15  |
| 12. MARKET COMPETITION.....                                 | 16  |
| A. DISCUSSIONS WITH COMPETITORS.....                        | 16  |
| B. TRADE ASSOCIATIONS.....                                  | 16  |
| C. BOYCOTTS.....  | 16  |
| D. OTHER FORMS OF UNFAIR BUSINESS PRACTICE.....             | 17  |
| 13. EMPLOYMENT PRACTICES.....                               | 17  |
| 14. POLITICAL CONTRIBUTIONS.....                            | 18  |
| 15. EXPORTS AND IMPORTS.....                                | 18  |
| 16. COMPUTERS, THE INTERNET AND E-MAIL.....                 | 19  |
| 17. PROTECTION AND USE OF COMPANY ASSETS.....               | 19  |
| 18. WORKPLACE ENVIRONMENT.....                              | 20  |
| 19. RESPONSE TO INVESTIGATIONS OR GOVERNMENT INQUIRIES..... | 21  |
| 20. RETENTION OF CORPORATE RECORDS.....                     | 21  |

**To All Enterasys Employees:**

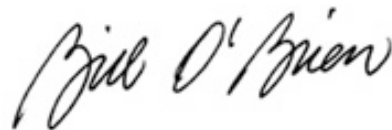
Enterasys employees are among the best in the industry. In addition to being ambitious and diligent, Enterasys employees exhibit strong ethical standards. It is in the best interest of the Company to strengthen and codify those standards in a formal statement of Company policy. The attached Code of Conduct is the embodiment of that effort.

The Code of Conduct has been developed by our Company's leaders and has been endorsed strongly by our Board of Directors. It summarizes the virtues and the principles that should guide all of our actions in the marketplace, and our actions working with each other. We also expect all of our partners, whether they are suppliers, consultants, contractors or any of our other representatives, to be guided by these same standards.

No Code of Conduct can spell out the appropriate conduct and ethical behavior for every situation with which we are confronted, and this Code is not intended as a replacement for good judgment and personal responsibility. Although the Code does address many issues specifically, it is also intended to serve as a framework for evaluating the many situations we are each confronted with on a daily basis. Ultimately, each of us must rely on our common sense, good judgment, and internal sense of right and wrong. If you are faced with a situation that raises ethical questions, you should not hesitate to seek counsel from your manager and your colleagues. In addition, in many instances we have identified specific individuals to whom you can go with your concerns, and you are encouraged to do so.

Thank you for your commitment to Enterasys. The Code of Conduct outlines what we all think best represents the ideals of the Company. By following these principles, we will have a stronger base on which to continue to build the great Company we want and deserve to have.

Sincerely,

A handwritten signature in black ink that reads "Bill O'Brien". The signature is written in a cursive, flowing style.

Executive Chairman

# ENTERASYS NETWORKS, INC.

## Code of Conduct

### **1. General Policy**

#### **a. Code of Conduct and the Compliance Committee.**

Enterasys Networks, Inc. (“Enterasys” or the “Company”) conducts its business in compliance with all federal, state and local laws, rules and regulations, and in a manner consistent with the highest standards of business and professional ethics. In order to ensure that the Company’s compliance policies are consistently applied, we have created this Code of Conduct (the “Code”), established a Compliance Committee and designated a Compliance Officer, who is the Chair of that Committee. The members of the Compliance Committee and the Compliance Officer are charged with reviewing the Company’s compliance policies and specific compliance situations that may arise.

#### **b. Separate Statements of Policy**

From time to time, the Company has published, and will continue to publish, individual policies focused on specific issues (“Supplemental Policies”). Some of these policies are applicable to the Company generally and others are applicable to certain functional groups within the Company. In addition to circulating these Supplemental Policies to Employees, the Company posts them on the Enterasys intranet.

Employees must read and become familiar with this Code and these Supplemental Policies, and are expected to comply fully with these materials in the conduct of all their efforts

on behalf of the Company.<sup>1</sup> Employees will be required to acknowledge in writing that they have reviewed this Code and the Supplemental Policies upon commencement of their employment with Enterasys, and at such other times as Enterasys management may require.

**c. Violations of the Code**

All Enterasys officers and employees, including officers and employees of its divisions, subsidiaries and other affiliates worldwide, as well as agents and contractors working on behalf of the Company, its subsidiaries and affiliates (collectively, “Employees”), are required to carry out their duties to the Company in accordance with the policies set forth in this Code, any applicable Supplemental Policies and any applicable laws, rules or regulations. Any violation of law, rule or regulation, or deviation from the standards provided in this Code or any Supplemental Policies will result in disciplinary action, which may include, but not be limited to:

- oral or written warning;
- disciplinary probation or suspension;
- reduction in salary and/or demotion; or
- dismissal from employment.

Further, a supervisor who directs or approves an Employee’s improper actions, or who is aware of those actions but does not take appropriate steps to correct them, or who otherwise fails to exercise appropriate supervision will be subject to similar disciplinary action. Employees are also reminded that actions in violation of this Code may also be unlawful and thus may subject an offending Employee to civil or criminal liability.

---

<sup>1</sup> It is the policy of Enterasys to comply with all applicable laws of the United States and the countries in which Enterasys conducts business. Because of the complex and changing nature of legal requirements, all Employees must be constantly vigilant to insure that their conduct and the conduct of the Company is above reproach. If any Employee becomes aware of an issue of legal compliance that is not adequately addressed in this Code of Conduct, the Compliance Officer should be notified.

Any conduct by Employees that does not conform to this Code and any other official policies of the Company is not authorized by Enterasys and is deemed outside the scope of the individual's employment.

**d. Duty to Report Violations**

If, at any time, an Employee becomes aware of any apparent violation of this Code or the Company's Supplemental Policies, he or she must promptly report the violation to his or her supervisor and to the Compliance Officer. If the Employee wishes, he or she may instead report the apparent violation anonymously, using the "HR Hotline" procedures. All such reports will be treated as confidential, to be used only for the purpose of addressing the specific problem they address. Such reports will be shared by Enterasys management and other authorized individuals only on a need-to-know basis. As long as a report is made honestly and in good faith, Enterasys will take no adverse action against any person based on the making of such a report. Employees must note, however, that failure to report known or suspected wrongdoing of which an Employee has knowledge may, by itself, subject an Employee to disciplinary action.

**e. Further Information**

Because no code of conduct can address every situation that may arise, Employees should understand that this Code provides a general framework for conducting our business. When question arises as to whether any action complies with the Code, applicable law, rule or regulation, or if an Employee simply needs guidance with respect to how an ethical issue should be addressed, that Employee is both encouraged and expected to address those issues to that Employee's supervisor, to any member of the Compliance Committee or, if appropriate, directly to the Company's Compliance Officer. Contact information for the Compliance Committee and the Compliance Officer can be found at the end of this Code.

## **2. Fraud and Theft**

The Company has a policy against frauds and thefts of any kind, whether in relation to Company assets or the assets of any third parties. Clearly, any individual engaging in such activities exhibits characteristics inconsistent with the Company's core values. Each Employee is daily placed in a position of trust, charged with the ethical and appropriate use of Company assets, whether physical or intellectual, as well as similar assets of third parties. Further, the actions of each Employee reflect on the Company as a whole. Accordingly, fraud or theft by a Company Employee will not be tolerated. Any Employee becoming aware of such activities by another Employee must report the matter to his or her manager and the Compliance Officer.

## **3. Stocks and Bonds**

Because the Company's securities (stocks and bonds are referred to generically in this Code as "securities") are publicly traded, Enterasys is subject to the federal securities laws. These laws govern the dissemination and use of information about the affairs of Enterasys and other information that might be of interest to persons considering the purchase or sale of its securities. Violations of the federal securities laws could subject individuals and the Company to significant criminal and civil penalties. Enterasys expressly prohibits any conduct in violation of these laws.

### **a. SEC Reporting and Continuing Disclosure**

The Securities and Exchange Commission ("SEC") requires continuing disclosure of transactions in the Company's publicly traded securities by the Company, its directors, executive officers, major shareholders and other affiliated persons. The SEC imposes many other requirements on the Company with respect to the periodic filing of reports and other documents

concerning the Company's business. Enterasys is committed to carrying out these disclosure and filing obligations in a full, fair, accurate, understandable and timely manner.

**b. Insider Trading**

The Company's policy with respect to insider trading can be found on the Enterasys intranet. Employees must review and become familiar with that policy. The following is intended to be a general discussion of the issues associated with insider trading, and your attention is directed to the Company's Insider Trading Policy for a more complete understanding of your specific obligations as well as related restrictions. .

Generally, it is illegal for any person to trade in the securities of the Company (or any company for that matter) based on material nonpublic information ("insider information"). Any information that an investor might consider important in deciding whether or when to buy, sell, or hold securities is considered material in nature, including but not be limited to:

- undisclosed financial and operating results;
- financial forecasts, including proposed or approved budgets;
- possible mergers, acquisitions, joint ventures and other purchases and sales of products, businesses, companies and investments in companies, including any preliminary discussions related thereto;
- obtaining or losing important contracts;
- major personnel changes; and
- major developments in litigation.

As a rule, all information about the Company's business and plans should be considered insider information until publicly disclosed. Effective public disclosure requires not only the dissemination of information through a press release or other public means but also the passage of adequate time for the market as a whole to digest the information.

The specific activities that constitute insider trading, and thus are expressly prohibited by this Code, are:

- trading in the Company's securities while in possession of insider information concerning the Company;
- having someone else trade in the Company's securities on your behalf while you are in possession of insider information concerning the Company; and
- communicating insider information to another person ("tipping"), either directly or through an intermediary, who in turn trades in the Company's securities while in possession of the insider information.

With respect to this last bullet concerning tipping (i.e., communicating insider information to another person who trades while in possession of that information) Employees must understand that the liability associated with such activity extends indefinitely. In other words, if you tip a friend to insider information concerning the Company and that person in turn communicates it to a third person and so on, if any person in that chain of communication, whether your friend or the eighth person in the chain, trades based on that insider information, you as the original tipper may be held liable. Because you cannot control the further spread of insider information once you have communicated it to another person, the safest rule, and that maintained by the Company, is, "Don't Tip, Ever."

If an Enterasys Employee is considering buying or selling the Company's securities, he or she should review and understand the Company's Insider Trading Policy. If, following review of such materials, that individual has a question as to whether the transaction might involve the improper use of insider information, he or she should obtain specific prior approval from the Chief Financial Officer (who in turn may ask advice from the Company's Chief Legal Officer).

To prevent the inadvertent disclosure of material nonpublic information, Employees are reminded that no discussions of such information should take place in public areas. Further, appropriate care should be taken in the handling and disposal of papers containing material nonpublic information.

**c. Trading Blackout Periods**

Employees should also be aware that the Company has established regular trading blackout periods applicable to all Employees, as set forth in the Company's Insider Trading Policy. The Company may also impose special trading blackout periods, from time to time, in response to special circumstances. These regular and special trading blackout periods are intended to prevent even the appearance that an Employee of the Company might trade on material nonpublic information. During trading blackout periods, Employees and their immediate family and other household members are prohibited from trading in the securities of the Company.

**4. Confidential Information**

All Enterasys Employees are required to safeguard the Company's confidential business information and use such information only for Company purposes. Examples of confidential business information include the Company's trade secrets, business trends, detailed sales, cost, and profit figures, new product or marketing plans, research and development information, personnel changes, and information about potential acquisitions, divestitures and investments. Failure to observe this duty of confidentiality may compromise the Company's competitive advantage and may also result in a violation of securities, antitrust or employment laws.

Employees are also reminded that, upon the commencement of their employment with Enterasys, each of them signed a Confidentiality/Non-Disclosure Agreement, or similar

agreement. Employees should periodically review these agreements and adhere to their terms in the conduct of their business endeavors on behalf of the Company.

Employees may also possess sensitive, privileged information about the Company's customers and partners, who rightfully expect that this information will be kept confidential. The Company will not tolerate any violation of a customer's or partner's confidential information. Providing any information about customers or partners to anyone other than Company personnel and other authorized parties who need to know the information may lead to disciplinary action against the offending Employee as well as serious legal consequences for the Company.

The Enterasys intranet includes a discussion of Employees' obligations with respect to confidentiality.

Employees should note further that they may have access to confidential information of third parties, which they are also required to protect as though it were Company information. The Company regularly enters into business relationships with third parties for a great variety of reasons. Through these relationships, those third parties may disclose confidential information concerning their business, products and other proprietary matters. Similarly, Employees may come to their employment with the Company in possession of confidential information of their former employers or business partners.

Similarly, the Company respects the privacy of its customers and business partners, even when not under the strict confines of a confidentiality agreement. Employees should take note of and understand the Company's privacy policy. The Enterasys intranet contains a discussion of that policy.

In all instances, it is the express policy of the Company to respect the confidentiality of all third-party confidential information. That means that the Company and its Employees may

use the confidential information of third parties only for the purposes for which it was disclosed to the Company. Any other use of such information is strictly prohibited.

## **5. Accuracy of Business Records**

Enterasys is committed to recording and reporting its business information fully, honestly and accurately, in a timely and understandable manner. Failure to do so is a grave violation of Company policy and this Code, and may also be illegal. Such failure will subject an Employee to severe discipline by the Company, as well as possible criminal and civil penalties.

Every individual involved in creating, transmitting or entering information into the Company's financial and operational records is responsible for doing so fully, accurately and with appropriate supporting documentation. No Employee may make any entry that intentionally hides or disguises the true nature of any transaction. Examples of prohibited activities include, but are not limited to:

- understating or overstating known liabilities and assets;
- recording false sales or shipments, or recording them earlier than is appropriate under the Company's revenue recognition policies;
- deferring or accelerating the proper period for recording items that should be expensed, or mischaracterizing the nature of expenditures by or on behalf of the Company;
- expressing the written terms of an agreement in a manner inconsistent with the nature or intent of the transaction for the purpose of circumventing established Company rules and procedures;
- entering into side letters and other written or oral understandings for the purpose of altering the terms and conditions of a valid contract, without formally

amending the contract, providing appropriate notifications and obtaining necessary approvals;

- falsifying quality, safety or performance results; or
- processing and submitting false or inaccurate invoices.

In short, it is imperative that the Company's records, books and other business records, in whatever form they are stored, accurately represent the transactions and other information they reflect and provide a full account of the Company's assets, liabilities, revenues and expenses.

Compliance with established accounting procedures, the Company's system of internal controls, and generally accepted accounting principles is necessary at all times. Although the Company will endeavor to communicate to its Employees concerning these procedures and other requirements, it is the responsibility of each Company Employee to actively search out this information, and to review and understand it.

Employees who know that an entry or process is false are expected to report that knowledge to their manager and, if necessary, to the Corporate Controller or Compliance Officer.

When billing other parties for the Company's goods or services, Enterasys Employees have an obligation to exercise diligence, care, and integrity. Similarly, each Employee who is involved with processing and documenting claims for payment made against the Company by outside vendors or contractors is similarly expected to maintain the highest standards of professionalism and ethics. Any false, inaccurate, or questionable practices relating to billing others or to processing claims made by others for payment should be reported immediately to a manager and, if necessary, to the Corporate Controller or Compliance Officer.

Almost all business records of the Company may become subject to disclosure in the course of litigation or governmental investigation. Records are also occasionally obtained by the media and other outside parties. Accordingly, Employees should be as clear, concise, truthful and accurate as possible when recording any information. Employees must refrain from making legal conclusions or commenting on legal positions taken by the Company or others, and they must also avoid exaggeration, colorful language, and derogatory characterizations of people and their motives.

## **6. Public Statements**

Employees may not speak publicly for the Company unless specifically authorized by senior management to do so. When Enterasys provides information to the news media, securities analysts and stockholders, or in any other public communication, it has an obligation to do so accurately and completely. In order to ensure that the Company complies with these obligations, Employees receiving inquiries regarding the Company's activities, results, plans or position on public issues should refer the request to the Company's Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, or the designated corporate spokesperson.

Employees occasionally engage in discussions concerning a variety of issues related to the Company's business on internet message boards. That activity is not necessarily improper although Employees must be very cautious in such settings. Employees must be mindful of the fact that postings to message boards and similar forums constitutes the public dissemination of information. If the posted information is material and nonpublic, proprietary or confidential in nature, such posting may not only violate the Company's policies and the Employee's obligation of Confidentiality to the Company, but may violate securities laws as well.

## **7. Gifts, Meals and Entertainment**

Enterasys recognizes that in some instances, gifts and entertainment provide appropriate and legitimate means of furthering business relationships. No Employee, however, should accept or provide cash gifts in any amount or non-cash gifts of more than \$75 in value in connection with his or her dealings on behalf of the Company. The offer or receipt of any such gift should be reported immediately to the Employee's manager and, if necessary, the Compliance Officer. Normal business courtesies involving no more than ordinary amenities (such as lunch, dinner, a spectator event, or a golf game) are permitted, as are non-cash gifts of nominal value. The guiding principle is that no gift, favor or entertainment should be accepted or provided if it would appear to obligate the recipient to any particular course of action.

The Enterasys intranet includes a discussion of favors, gifts and entertainment issues.

## **8. Government Relations**

### **a. Relationships with Government Personnel**

More stringent gift, meals, and entertainment rules apply to dealings with government officials, both domestically and abroad. Federal and state laws prohibit the Company and its representatives from offering or paying *any* money or other benefit, directly or indirectly, in order to obtain favorable treatment in connection with the award of a government contract. Further, no one acting on behalf of the Company may offer or accept gifts, loans, rebates, services, or payment of any kind to or from government suppliers and vendors. Any Employee who becomes aware of any such conduct should immediately report it to the Compliance Officer or the Chief Legal Officer.

## **b. Business Dealings in Foreign Countries**

Federal law prohibits Enterasys, and all U.S. companies for that matter, and those acting on their behalf, from bribing foreign officials to obtain or retain business. Foreign officials include officers and employees of a foreign government. Indirect payments, including those to third parties with the knowledge that a portion of the payment will be given to a foreign official for an illegal purpose, also are prohibited. The Foreign Corrupt Practices Act policy on the Enterasys intranet includes a statement of the Company's policy for dealing with foreign officials and certain related record-keeping requirements.

## **9. Laws, Rules and Regulation**

Enterasys endeavors to comply with all government laws, rules and regulations. Some of the regulatory programs that affect the Company include, but are not limited to, the following:

- labor laws and collective bargaining agreements;
- occupational safety and health regulation;
- building, safety and fire codes;
- wage and hour laws;
- environmental safety and protection laws; and
- Export Control System (see Section 15).

The Compliance Officer can provide Employees with information on these rules, or can direct questions or concerns to the appropriate party.

## **10. Conflicts of Interest**

Enterasys Employees should avoid all situations that place them in conflict with the interest of the Company or give the appearance of such a conflict of interest. A conflict of interest arises when an Employee has a direct or indirect financial or other interest that might

influence, or appear to influence, the Employee's judgment on behalf of the Company. A conflict of interest exists if there is the potential of influence, whether or not the Employee's judgment is actually affected. In determining whether a conflict of interest exists, an Employee should treat the interests of his or her immediate family, and close business and social acquaintances in the same manner as the interests of the Employee himself or herself. Each Employee is required to report to his or her supervisor and the Compliance Officer any material transaction that reasonably could give rise to a conflict of interest, whether involving the reporting Employee or any other Employee.

The Company's Employees may not be employed by, act as a consultant to, or have a direct or indirect independent business relationship with any of the Company's customers, direct or indirect competitors or suppliers. Nor may Employees or their immediate family members invest in any customer, supplier, or competitor (other than through mutual funds or through holdings of less than 1 percent of the outstanding shares of such companies).

No Employee should hold directorships or engage in outside employment, business or personal endeavors, or other activities that:

- give the impression that such activities are undertaken on behalf of Enterasys;
- provide goods or services substantially similar to, and competitive with, those Enterasys provides or is considering making available;
- are intended or are likely to result in personal gain to the Employee, his or her immediate family members or close social or business associates of the Employee at the expense of the Company; or
- inhibit the Employee's ability to efficiently and effectively perform his or her duties to Enterasys.

This list is provided only for illustrative purposes. Any activity, however, that could give rise to concerns along these lines must be reported to the Compliance Officer.

Employees should recognize that activities by immediate family members, which include an Employee's spouse, parents, children other household members, may give rise to a conflict of interest. Accordingly, Employees are required to notify their manager and the Compliance Officer, in writing, if any activity by a direct family member would present a conflict of interest or potential conflict of interest, pursuant to this Code, if such family member were a Company employee. Such written notification should specify the precise nature of such a conflict or potential conflict.

Waiver of any aspect of this policy concerning conflicts of interest may be granted to an Employee only by the Board of Directors of the Company.

The Enterasys intranet contains a discussion of conflicts of interest and professional ethics.

## **11. Purchasing**

Purchasing decisions must be made in accordance with applicable Enterasys policy. Purchasing decisions must in all instances be made free from any conflicts of interest that could affect the outcome. Certain purchasing activities may be subject to a competitive bidding requirement, the specifics of which may be posted on the Company's intranet when implemented. The Company is committed to a fair and objective procurement system that results in the acquisition of quality goods and services at a fair price.

## **12. Market Competition**

Enterasys is committed to complying with all state and federal antitrust laws, which laws are intended to prevent conduct that has the effect, or at least the potential, of restraining competition unreasonably. Examples of prohibited conduct are discussed below.

### **a. Discussions With Competitors**

The prices and terms associated with Enterasys goods and services must be determined independently by the Company. There can be no oral or written understanding with any competitor concerning prices, pricing policies, pricing formulas, bids, or bid formulas, or concerning discounts, credit arrangements, related terms of sale or service, or any other terms and conditions, marketing or product plans. Joint ventures and affiliations that may require pricing discussions must be individually reviewed for antitrust compliance.

### **b. Trade Associations**

Enterasys may participate in surveys of price, cost, and wage information if the survey is conducted by a third party and involves an appropriate number of comparably sized companies. Any price, cost, or wage information released by the Company must be at least three months old. If an Employee is asked to provide a trade association with information about the Company's charges, costs, salaries, or other business matters, he or she must first obtain approval of the Chief Executive Officer.

### **c. Boycotts**

Enterasys prohibits any agreement with competitors to boycott or refuse to deal with a particular person or company. Any understanding, whether in writing or not, entered into with a competitor on such matters is prohibited. Exclusive arrangements with customers, vendors and other partners must be approved by the Office of the Chief Legal Officer.

**d. Other Forms of Unfair Business Practice**

Employees must strive to avoid all other forms of unfair business practices, which may include, but not be limited to:

- Misrepresenting the Company's ability to fill orders;
- Making false, deceptive, or misleading product claims or comparisons;
- Pricing below cost; and
- Acquiring trade secrets by unlawful means.

It is not possible to list all forms of prohibited forms of unfair business practices. While all Company Employees are encouraged to compete aggressively in the marketplace, perhaps the simplest and most practical requirement is that they avoid unfair competitive practices, which, were they directed at Enterasys, we would view as underhanded, unethical or in some other manner unfair.

**13. Employment Practices**

Enterasys is committed to a policy of nondiscrimination and equal opportunity for all qualified applicants and Employees, without regard to race, color, sex, religion, age, national origin, ancestry, disability, or sexual orientation. This policy applies with equal force to the Company's dealings with customers, vendors and other partners. The Enterasys intranet contains the Company's full policy concerning non-discrimination and equal opportunity.

If an Employee feels he or she or any customer, vendor or other partner has been discriminated against or harassed on the basis of any of the criteria listed above, he or she should contact his or her supervisor and a Human Resources representative so that an investigation may be initiated in accordance with Company policies and procedures. In all cases, the Employee must also report the matter to HR Hotline. Contact information for HR Hotline, a discussion of

the HR Hotline reporting process and the Company's full policy concerning harassment and discrimination can all be found on the Enterasys intranet.

#### **14. Political Contributions**

Enterasys encourages each of its Employees to participate in civic and political activities in his or her own way, on his or her own time. Direct political activities by or on behalf of the Company, however, are strictly limited by law. In accordance with these laws, Enterasys may not contribute any money or products, or lend the use of vehicles, equipment, facilities, or any other Company asset to candidates for federal office. Nor may Enterasys make contributions to political action committees that, in turn, make contributions to candidates for federal office. Neither the Company nor its supervisory personnel may require any Employee to make any such contribution. The Company cannot and will not reimburse its Employees for any money they contribute to political candidates or campaigns. Finally, Company Employees, while acting in their capacities as an Enterasys Employee, are expressly prohibited from engaging in any activities intended to support a candidate for federal office.

Many state laws also limit the extent to which corporations may contribute to political candidates. Generally, the same prohibitions articulated above with respect to federal office-seekers will apply with equal force with respect to state candidates. Given the complexities of these state laws and the necessity of maintaining a consistent policy with respect to state political donations, deviations from these policies with respect to candidates for state office may be made only with prior written approval of the Chief Executive Officer.

#### **15. Exports and Imports**

There are many U.S. laws governing international trade and commerce that limit the export of certain products to certain countries. Company Employees and agents should be

aware that there are also many U.S. laws that govern the import of items into the United States. It is the Company's policy to strictly comply with U.S. export and import laws. Because these regulations are complex and change periodically, Employees and agents seeking to engage in export and import activities on behalf of the Company must first confirm the legal trade status of that country. Employees should contact the Legal Department for guidance in dealing with these situations.

#### **16. Computers, the Internet and E-Mail**

Enterasys computer-based resources are intended to be used productively and to enhance Employees' skills and job performance. Those resources must be used appropriately and adequate protective measures with respect to theft, damage or loss should be employed in conjunction with such use. Information created, transmitted or accessed on Company networks is Company property. The Company reserves the right, in its sole discretion, to monitor or restrict access to any such information and resources.

Computer software used in connection with the Company's business must be properly licensed and used only in accordance with that license. Using unlicensed software on Enterasys computers is expressly prohibited.

The Enterasys intranet includes a statement of the Company's policies with respect to e-mail and internet usage.

#### **17. Protection and Use of Company Assets**

Each employee is required to safeguard the physical assets of the Company – including, but not limited to, such things as company phone and credit cards, office furniture and supplies and computers and other office equipment – and to use those assets appropriately. Employees must be mindful that Company resources are limited and that those resources should be used

appropriately and judiciously. In all instances, Employees must recognize that such Company assets are to be used only for the legitimate pursuit of authorized Company purposes. Any Employee becoming aware of the misuse or misappropriation of Company assets must notify his or her manager of such occurrence or, if appropriate, because of possible conflicts or the value of assets at issue, the Compliance Officer.

#### **18. Workplace Environment**

Enterasys is committed to making the work environment safe, secure and healthy for its Employees and others. To this end, the Company complies with all applicable laws and regulations relating to safety and health in the workplace. Company Employees should immediately report dangerous conditions and any activity that compromises Company security to his or her supervisor.

To help ensure a safe, secure, and healthy work environment, Enterasys prohibits certain activities, including but not limited to:

- threatening or violent behavior, or even the suggestion of such behavior, toward others, including co-workers and people outside the Company;
- possession of firearms, explosives, or other weapons anywhere on Company property or while conducting Company business; and
- willful destruction of Company property or the property of others.
- Engaging in conduct or possessing and/or displaying materials that reasonably may be deemed offensive to any group noted in Section 13 above (because of race, color, sex, religion, age, national origin, ancestry, disability, or sexual orientation) while on Enterasys property or while engaged in business on behalf of Enterasys.

Employees are expected to consult and comply with all Company rules regarding workplace conduct and safety. The Company's policy concerning safety and security reporting procedures can be found on the Enterasys intranet.

Enterasys is also committed to a drug-free workplace. The use of illegal drugs, and the misuse of legal drugs, while on Company premises or business are prohibited. Specifically, the Company prohibits the use, possession, distribution, or sale of illegal drugs on its premises and in its vehicles, and while conducting Company business. Furthermore, no Employee may conduct Company business while under the influence of illegal drugs or alcohol. A discussion of Enterasys as an alcohol and drug-free workplace is available on the Enterasys intranet.

**19. Response to Investigations or Government Inquiries**

Numerous state and federal agencies have broad legal authority to investigate companies and review their records. Enterasys will cooperate fully with all governmental investigations as required by law.

If an Employee receives an investigative demand, subpoena, or search warrant involving the Company, or if an investigator, agent or government auditor contacts an Employee of the Company seeking information concerning the Company, such events must be brought immediately to the attention of the Chief Legal Officer. No documents may be released or copied without authorization from the Chief Legal Officer or his or her delegates.

A discussion of requests for information from outside parties is available on the Enterasys intranet.

**20. Retention of Corporate Records**

Enterasys Employees are not permitted to alter, remove, or destroy documents or records of the Company except in accordance with the Company's document retention and destruction

practices. The Company's separate policy concerning document and records retention will be posted to the Company's intranet upon implementation.