



METALINK LTD.
CODE OF BUSINESS CONDUCT AND ETHICS

I. PURPOSE

This Code of Business Conduct and Ethics (this “Code”) provides a general statement of the Company’s expectations regarding the ethical standards that each director, officer and employee should adhere to while acting on behalf of the Company. Each director, officer and employee is expected to read and become familiar with the ethical standards described in this Code and may be required, from time to time, to affirm his or her agreement to adhere to such standards by signing the Compliance Certificate that appears at the end of this Code.

II. ADMINISTRATION

The Company’s Board of Directors is responsible for setting the standards of business conduct contained in this Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the Company, the business practices within the Company’s industry, the Company’s own business practices, and the prevailing ethical standards of the communities in which the Company operates. While the Company’s Chief Financial Officer will oversee the procedures designed to implement this Code to ensure that they are operating effectively, it is the individual responsibility of each director, officer and employee of the Company to comply with this Code.

III. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Company will comply with all laws and governmental regulations that are applicable to the Company’s activities, and expects that all directors, officers and employees acting on behalf of the Company will obey the law. Specifically, the Company is committed to:

- maintaining a safe and healthy work environment;
- promoting a workplace that is free from discrimination or harassment based on race, color, religion, sex or other factors that are unrelated to the Company’s business interests;
- supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- conducting its activities in full compliance with all applicable



environmental laws;

- keeping the political activities of the Company's directors, officers and employees separate from the Company's business;
- prohibiting any illegal payments to any government officials or political party representatives of any country; and
- complying with all applicable state and federal securities laws.

Directors, officers and employees are prohibited from trading the Company's securities while in possession of material, nonpublic ("inside") information about the Company. In addition, directors, officers and employees, regardless of whether they are in possession of inside information are prohibited from trading the Company's securities during four yearly "black out periods". The four black out periods commence on the 10th of the last month of the fiscal (calendar) quarter, and end two trading days after the release to the public of the company's earnings for the prior fiscal quarter.

IV. CONFLICTS OF INTEREST; CORPORATE OPPORTUNITIES

Directors, officers and employees should not be involved in any activity that creates or gives the appearance of a conflict of interest between their personal interests and the Company's interests. In particular, no director, officer or employee shall:

- be a consultant to, or a director, officer or employee of, or otherwise operate an outside business:
 - that markets products or services in competition with the Company's current products and services;
 - that supplies products or services to the Company; or
 - that purchases products or services from the Company;
- have any financial interest, including stock ownership, in any such outside business that might create or give the appearance of a conflict of interest;
- seek or accept any personal loan or services from any such outside business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses;
- be a consultant to, or a director, officer or employee of, or otherwise



operate an outside business if the demands of the outside business would interfere with the director's, officer's or employee's responsibilities with the Company;

- accept any personal loan or guarantee of obligations from the Company, except to the extent such arrangements are legally permissible;
- conduct business on behalf of the Company with immediate family members, which include spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives; or
- use the Company's property, information or position other than for the Company's legitimate business purposes.

The appearance of a conflict of interest may exist if an immediate family member of a director, officer or employee of the Company is a consultant to, or a director, officer or employee of, or has a significant financial interest in, a competitor, supplier or customer of the Company, or otherwise does business with the Company.

Directors, employees and officers shall notify the Company's legal counsel of the existence of a conflict of interest.

V. CONFIDENTIALITY; PROTECTION AND PROPER USE OF THE COMPANY'S ASSETS

Directors, officers and employees shall maintain the confidentiality of all information entrusted to them by the Company or its suppliers, customers or other business partners, except when disclosure is authorized by the Company or legally required.

Confidential information includes: 1) information marked "Confidential," "Private," "For Internal Use Only," or similar legends; 2) technical or scientific information relating to current and future products, services or research; 3) business or marketing plans or projections; 4) earnings and other internal financial data; 5) personnel information; 6) supply and customer lists; and 7) other non-public information that, if disclosed, might be of use to the Company's competitors, or harmful to the Company or its suppliers, customers or other business partners.

To avoid inadvertent disclosure of confidential information, directors, officers and employees shall not discuss confidential information with or in the presence of any unauthorized persons, including family members and friends.

Directors, officers and employees are personally responsible for protecting



those Company assets that are entrusted to them and for helping to protect the Company's assets in general.

Directors, officers and employees shall use the Company's assets for the Company's legitimate business purposes only.

VI. FAIR DEALING

The Company is committed to promoting the values of honesty, integrity and fairness in the conduct of its business and sustaining a work environment that fosters mutual respect, openness and individual integrity. Directors, officers and employees are expected to deal honestly and fairly with the Company's customers, suppliers, competitors and other third parties. To this end, directors, officers and employees shall not:

- make false or misleading statements to customers, suppliers or other third parties;
- make false or misleading statements about competitors;
- solicit or accept from any person that does business with the Company, or offer or extend to any such person:
 - cash of any amount; or
 - gifts, gratuities, meals or entertainment that could influence or reasonably give the appearance of influencing the Company's business relationship with that person or go beyond common courtesies usually associated with accepted business practice;
- solicit or accept any fee, commission or other compensation for referring customers to third-party vendors; or
- otherwise take unfair advantage of the Company's customers or suppliers, or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

VII. ACCURATE AND TIMELY PERIODIC REPORTS

The Company is committed to providing investors with full, fair, accurate, timely and understandable disclosure in the periodic reports that it is required to file. To this end, the Company shall:

- comply with generally accepted accounting principles at all times;
- maintain a system of internal accounting controls that will provide



reasonable assurances to management that all transactions are properly recorded;

- maintain books and records that accurately and fairly reflect the Company's transactions;
- prohibit the establishment of any undisclosed or unrecorded funds or assets;
- maintain a system of internal controls that will provide reasonable assurances to management that material information about the Company is made known to management, particularly during the periods in which the Company's periodic reports are being prepared; and
- present information in a clear and orderly manner.

VIII. REPORTING AND EFFECT OF VIOLATIONS

Directors and officers shall report, in person or in writing, any known or suspected violations of laws, governmental regulations or this Code to the Company's legal counsel. The Audit Committee has adopted a Disclosure Non-conformity ("Whistle Blower") Policy pursuant to which employees are protected from retaliation with respect to the good faith reporting of suspected violations.

The Board or the Audit Committee (or, if one is constituted, a Qualified Legal Compliance Committee) shall direct the Company's legal counsel to investigate any reported violations and the Board or such committee will oversee an appropriate response, including corrective action and preventative measures. Directors, officers and employees who violate any laws, governmental regulations or this Code will face appropriate, case specific disciplinary action, which may include demotion or discharge.

IX. WAIVERS

The provisions of this Code may be waived for directors or executive officers only by a resolution of the Company's Board of Directors. The provisions of this Code may be waived for employees who are not directors or executive officers by the Company's Chief Financial Officer. Any waiver of this Code granted to a director or executive officer will be publicly disclosed as required by the securities exchange or association on which the Company's securities are listed for trading. Any change in or waiver of this Code for senior financial officers will be publicly disclosed as required by the Securities Exchange Commission.



COMPLIANCE CERTIFICATE

I have read and understand the Company's Code of Business Conduct and Ethics (the "Code"). I will adhere in all respects to the ethical standards described in the Code. I further confirm my understanding that any violation of the Code will subject me to appropriate disciplinary action, which may include demotion or discharge. I certify to the Company that I am not in violation of the Code, unless I have noted such violation in a signed Statement of Exceptions attached to this Compliance Certificate.

Date:

Name:

Title/Position:

Check one of the following:

- A Statement of Exceptions is attached.
- No Statement of Exceptions is attached.