

# Code of Corporate Conduct (as amended 5/7/02)

*Cybex International 10 Trotter Drive Medway MA*

## **I. DUTY OF LOYALTY**

The Company conducts its business in corporate form. In reality, however, the corporation is its employees, officers, and stockholders – each of whom owes a duty of loyalty to others. Each employee has some level of access to corporate opportunities and is entrusted with corporate resources (assets, information, services, and talents). No employee should divert or misappropriate these corporate opportunities for his own personal use or benefit.

## **II. ETHICAL CONDUCT**

It is the duty of each Cybex employee to conduct and perform his or her responsibilities in conformity with the letter and spirit of all applicable laws, to observe the standards of ethical conduct and fair dealing, which all reputable business organizations require their employees to observe, and to make certain that the books and records of the Company accurately reflect the activities and transactions of the company with no information deliberately incomplete or suppressed.

## **III. CONFLICTS OF INTEREST**

A conflict between the private interests and the official responsibilities of a person in a position of trust.

As employees we should all consider ourselves as persons in positions of trust and conduct ourselves accordingly. We must be particularly sensitive to the many situations, on and off the job, where a conflict of interest or even a perception of such a conflict could originate. Such conflicts could involve customers, suppliers, present or prospective employees, shareholders, or members of the communities in which we operate.

While it is not possible to itemize all situations which may constitute a conflict of interest, there are certain areas, which each individual must be especially concerned about. No employee shall engage in any of the following activities without prior written approval from the Chief Executive Officer, with any exceptions reported promptly to the Audit Committee.

1. Gifts, gratuities and entertainment to customers which seek to influence a contract award or other customer action. It is Cybex International, Inc.'s policy to compete solely on the merits of its products and services. In foreign countries where customs require the exchange of gifts and it is desirable to meet such a requirement, the Company will provide the gift.

Business entertainment and conduct that does not go beyond courtesies commonly associated with good business practice is allowable.

2. Misusing confidential or inside information or disclosing such information to competitors or other unaffiliated parties or using such information to one's own personal gain (e.g., trading in Company securities, etc.). Confidential or inside information includes trade secrets and confidential information of a technical, financial, or business nature.

Under no circumstances shall any employee or former employee divulge to third parties information which is not already public concerning the Company or its business; nor shall such information under any circumstances be used for personal gain.

2.1 See Policy Regarding Confidentiality of Inside Information and Prohibition or Insider Trading.

3. No employee of the Company may under any circumstances accept from any supplier, customer or other person doing business or seeking to do business with the Company any commission, share in profits, special consideration or gift, whether in the form of cash, gift certificate, merchandise, services or otherwise. Exempted from this rule are items of an advertising or promotional nature having no more than nominal value which do not improperly interfere with the employee's independence of judgment and action in the performance of his or her duties.

Business entertainment/conduct that does not go beyond courtesies commonly associated with good business practice is allowable up to \$100 in value.

4. Holding a financial interest, directly or indirectly (as a relative, an owner, stockholder, partner, joint venture, creditor, guarantor, director, trustee or beneficiary of a trust), in a firm which provides services or supplies materials or equipment to the Company, or in a firm which is in competition with the Company, or in a firm to which the Company makes sales, provides services or makes loans; or engaging in such activities with the Company as an individual. Any exceptions should be noted in writing to the Chief Executive Officer with copy to the Audit Committee.

The holding of insignificant amounts of the outstanding securities of a publicly owned corporation (i.e., one whose stock is registered with the Securities and Exchange Commission), however, will not be deemed a violation of this policy.

5. Serving as an officer, director, consultant, or employee for any individual, firm or other company 1) which is doing or seeking to do business with the Company; or 2) which is engaged in any type of business that is competitive with the businesses carried on by the Company.

Holding additional positions of employment with other employers for compensation or otherwise engage in any business or activity which necessitates the devotion by the employee of considerable amounts of time or which may result in a conflict or an apparent conflict between the private interests of the employee and the interests of the Company.

If, in the employee's judgment, a contemplated outside interest or activity may present a conflict of interest, prior Company approval of the interest or activity should be requested through the employee's supervisor.

6. Buying, selling or leasing any kind of property, facilities or equipment from or to the Company or any firm or individual that has or is seeking to have a business relationship with the Company, such as a contractor, supplier, carrier or customer for other than fair value.

Borrowing money from suppliers or customers or from individuals or firms with whom the Company does business.

Note: Loans or mortgages from banks doing business with the Company are exempted if the terms are at current rates and the customary collateral for such transactions is provided.

#### **IV. COMPANY FUNDS AND RECORDS**

No person shall use Company resources unless such use is properly authorized. Compensation is restricted to an individual's salary or contract, and stated benefits under bonus and other Company adopted plans and practices.

No person shall issue or authorize issuance of any Company document that is false or misleading. No undisclosed or unrecorded fund or asset of the Company or any of its affiliates shall be established for any purpose.

No false or artificial entries shall be made in the books and records of the Company or its affiliates for any reason, and no person shall engage in any arrangement that results in such prohibited act.

No payment shall be approved or made with the intention, understanding or agreement that any part of such payment is to be used for any purpose other than those described by the documents supporting the payment. Business expenses properly incurred in performing Company business must be documented promptly with accuracy and completeness on expense reports per Company policy.

In the filing of expense reports, employees must distinguish between personal expenses and business travel expenses, business conference expenses and business entertainment expenses.

## **V. POLITICAL CONTRIBUTIONS**

Federal law and many state laws prohibit contributions by a corporation to political parties or candidates. Therefore, no Company funds or other assets are to be contributed or loaned, directly or indirectly, to any political party or for the campaign of any person for political office, or expended in support or in opposition to such a party or person.

## **VI. ENVIRONMENTAL ISSUES (Internal and External)**

As a Company and as employees, we must exercise good judgment with regard to the environmental aspects of our use of buildings and real estate, our manufacturing processes and our products themselves. All necessary action must be taken to eliminate the generation, discharge and disposal of hazardous materials. We must comply fully with all federal, state and local environmental protection laws.

## **VII. ANTI-DISCRIMINATION**

Employment discrimination is a form of misconduct, which undermines the integrity of the employment relationship.

Cybox International, Inc. is committed to meeting its legal obligations to refrain from discrimination with respect to the terms and conditions of employment based upon an individual's race or color, religion or creed, sex, age, national origin, disability, veteran's status or any other legally protected classification. Such employment discrimination is contrary to Cybox's legal duties and business ethics and will not be condoned under any circumstances by the Company.

In addition, harassment based upon an individual's race or color, religion or creed, sex, age, national origin, disability, veteran's status or any other protected

classification is similarly prohibited. This refers to behavior which is not welcome and which, therefore, interferes with work effectiveness. All harassment, whether committed by supervisory personnel, non-supervisory personnel or others is contrary to business ethics and is specifically prohibited. Once again, Cybex will not condone such conduct under any circumstances and will address instances of demonstrated harassment with discipline, up to and including termination.

## **VIII. ADDITIONAL RESPONSIBILITIES**

It is our responsibility as a Company to ensure that our products are designed and manufactured to meet the appropriate inspection, test and quality criteria of our customers, to perform the testing necessary to meet these criteria, and to provide the necessary documentation in support of this testing. The inspection and testing documentation must be complete, accurate and truthful. As employees, we are all expected to be aware of and exercise this responsibility, as our jobs require.

As a Company and as individual employees we are responsible for maintaining a safe and healthful work environment. We must comply fully with all federal, state and local health and safety laws and regulations.

An important aim of this policy is to provide guidance to all employees on matters of ethics and business conduct. The above list is by no means all-inclusive.

In no event is action to be taken or threatened against you by the Company as a reprisal for making a complaint or disclosing information in good faith to Cybex International, Inc. However, if you were involved in an improper activity, you may be appropriately disciplined even if you are the one who discloses the matter to the Company; but your voluntary act of disclosure will be given favorable consideration in any ensuing decisions.

## **IX. ADMINISTRATION/PROCEDURES**

These guidelines and procedures shall be administered as part of the function of the Audit Committee of the Board of Directors of Cybex International, Inc.

If an employee finds that a situation has arisen where he or she has an actual or prospective interest, directly or indirectly, in;

- A. a transaction between the Company and the employee
- B. a transaction between the Company and a third party (whether his or her interest be the consummation or prevention of the transaction); or
- C. any other matter in which an actual or potential conflict of interest situation is present;

he or she shall in a written memorandum to the Chief Executive Officer fully disclose the nature and extent of his or her Interest as soon as he or she has knowledge of the actual or prospective interest.

Generally, so long as a transaction shall be beneficial to the Company and shall be upon the same or reasonably comparable terms and conditions as a transaction between the Company and an independent third party at competitive prices or services, the transaction may, at the discretion of the Chief Executive Officer, be permitted. If the situation that has arisen involves a Corporate Officer, then the employee shall bring the matter directly to the Audit Committee of the Board of Directors. Any exceptions to the terms of this Code of Conduct shall in any event be promptly reported to the Audit Committee.

The Audit Committee or the full Board of Directors of the Company, as the case may be, shall retain the sole and absolute discretion to issue determinations regarding these rules, and these determinations shall be final, binding and conclusive upon any Officer, Director or Employee.

## **X. PROPRIETARY/CONFIDENTIAL INFORMATION**

These Guidelines and Procedures may be amended by the Board of Directors of the Company from time-to-time.

The interpretation and determination of the Audit Committee or the Board as to any question, which may arise with respect to the provisions of these Guidelines and Procedures, shall be at its sole discretion and shall be final.

The Audit Committee may authorize, establish and publish such rules, regulations and provisions thereof, not inconsistent with the provisions of these Guidelines and Procedures, as it may deem advisable to make these Guidelines and Procedures effective and to provide for their administration, and may take such other action with regard to these Guidelines and Procedures as it shall deem advisable to effectuate the purposes hereof.

## **XI. STATEMENT OF COMPLIANCE**

I hereby acknowledge that I have read and fully understand Cybex's Code of Corporate Conduct (as last amended May 7, 2002), which has been formally adopted by the Board of Directors. Further, I understand that I am responsible for full compliance with it in my activities on behalf of Cybex International, Inc.,

bringing to the attention of the Chief Executive Officer or the Audit Committee, as applicable, my activities or the activities of any other person which appear to be in violation of, or inconsistent with, these guidelines and procedures.

## STATEMENT OF COMPLIANCE FORM

I hereby affirm that I have read and understand all the requirements of the Code of Corporate Conduct of Cybex International, Inc. and neither I nor, to the best of my knowledge and information, any other person has violated any of the provisions of this policy, other than those exceptions noted below:

Signature

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Name (printed)

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Position or Title

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Location

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Date

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List any exceptions [if none, so state]:

Exceptions noted by:

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John Aglialoro  
Chairman and CEO  
Cybex International, Inc.

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