

**PC Group, Inc.**

---

**Code of Business Conduct and Ethics**

## Table of Contents

<b>INTRODUCTION .....</b>	<b>1</b>
<b>1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS.....</b>	<b>1</b>
<b>2. CONFLICTS OF INTEREST.....</b>	<b>3</b>
<b>3. INSIDER TRADING .....</b>	<b>3</b>
<b>4. CORPORATE OPPORTUNITIES .....</b>	<b>4</b>
<b>5. COMPETITION AND FAIR DEALING .....</b>	<b>5</b>
<b>6. DISCRIMINATION AND HARASSMENT.....</b>	<b>5</b>
<b>7. HEALTH AND SAFETY .....</b>	<b>5</b>
<b>8. RECORD-KEEPING .....</b>	<b>5</b>
<b>9. FINANCIAL &amp; RELATED REPORTING.....</b>	<b>6</b>
<b>10. CONFIDENTIALITY .....</b>	<b>6</b>
<b>11. PROTECTION AND PROPER USE OF COMPANY ASSETS.....</b>	<b>6</b>
<b>12. PAYMENTS TO GOVERNMENT PERSONNEL.....</b>	<b>7</b>
<b>13. WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS.....</b>	<b>7</b>
<b>14. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR.....</b>	<b>7</b>
<b>15. INTERACTING WITH MEDIA/OUTSIDE COMMUNICATIONS .....</b>	<b>7</b>
<b>16. COMPLIANCE PROCEDURES .....</b>	<b>8</b>
<b>17. LEADERSHIP RESPONSIBILITIES .....</b>	<b>8</b>
<b>18. GIFTS .....</b>	<b>9</b>
<b>19. POLITICAL CONTRIBUTIONS/LOBBYING.....</b>	<b>9</b>
<b>20. THE COMPANY'S LEGAL COUNSEL.....</b>	<b>10</b>
<b>CODE OF CONDUCT ACKNOWLEDGEMENT .....</b>	<b>(Follows page 10)</b>

## **PC Group, Inc.**

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

Adopted March 24, 2004, as amended

#### Introduction

This Code of Business Conduct and Ethics sets out basic principles which directors, officers, employees, agents and representatives (including consultants) of the Company, its subsidiaries and affiliates are expected to abide by. Persons subject to this policy must conduct themselves accordingly and avoid even the appearance of improper conduct.

This Code does not cover every issue that may arise. If you have any questions about the proper course of conduct in any situation, you should seek assistance from your manager, the Company's legal counsel or other Company resources. Section 15 of this Code prescribes certain guidelines to follow if you are in a situation which you believe may violate or lead to a violation of this Code or applicable law. Waivers of this Code for executive officers and directors may only be made pursuant to the procedures described in Section 13 of this Code.

This Code does not supercede applicable law. If any law conflicts with a policy of this Code, you must comply with the law.

Violators of this Code are subject to disciplinary action, up to and including termination of employment. Violations of this Code may also mean that you are breaking the law, subjecting you (and possibly the Company) to criminal or civil sanctions or penalties.

#### 1. Compliance with Laws, Rules and Regulations

*General.* You must respect and obey the laws and regulations of the jurisdictions in which the Company operates. You are responsible to sufficiently educate yourself regarding the details of any laws applicable to you so that you have a basic understanding of the laws applicable to your activities. Management personnel are expected to educate and oversee their subordinates' compliance with applicable laws and regulations.

You should promptly raise any concern that you or others may have about possible violations of any Company policies or applicable law. You must also cooperate with any Company investigations of possible violations of any Company policies or applicable laws.

The following are some laws which are regularly applicable to the Company's activities. The Company also periodically adopts and disseminates separate policies designed to address compliance with specific laws and regulations.

*International Trade Controls.* It is the Company's policy to comply with all relevant international trade control regulations, including licensing, shipping documentation, import documentation, reporting and record retention requirements of all countries in which we operate. You are responsible to learn and understand the extent to which U.S. trade controls applies to transactions conducted by you on behalf of the Company.

The Company does not cooperate with any restrictive trade practice or boycott prohibited or penalized under U.S. or applicable laws. Make sure you tell your manager/supervisor about all boycott-related requests, including requests for information.

*Money Laundering Prevention.* The Company is committed to full compliance with all applicable anti-money laundering laws. The Company should conduct business only with reputable customers. You should understand how applicable laws that prohibit money laundering and that require reporting of cash or suspicious transactions apply to the activities you perform on behalf of the Company. You should also be alert for types of payments that are often associated with money laundering activity – for example, multiple money orders or travelers checks, large amounts of cash, checks on behalf of a customer from an unknown third party, or checks drawn on banks located in jurisdictions which do not have effective anti-money laundering laws. If you encounter a warning sign, raise your concern with Company legal counsel and be sure to resolve your concern before proceeding further with the transaction. Resolution of concerns should include management review and should be well documented.

*Government Contracts.* The Company conducts business with many governments and their political subdivisions and agencies. It is the Company's policy to comply with all laws and regulations applicable to government contracts and transactions. You must be truthful and accurate when dealing with government officials and agencies and may not make any unauthorized substitutions for contracted goods and services or deviate from contract requirements without the written approval of an authorized government official. The Company officers and management personnel are required to ensure that reports, certifications, statements and proposals are current, accurate and complete; and that contract requirements are adequately identified and communicated to personnel who have responsibility for contract performance.

*Anti-Trust Laws.* The Company is committed to compliance with all applicable competition laws, regulations, policies and treaties. The Company's officers and management personnel must oversee and, if necessary, adopt policies and procedures addressing contacts with competitors, obtaining and handling data concerning competitors and participating in trade associations and professional societies. Do not propose or enter into any agreements or understandings – express or implied, formal or informal, written or oral – (i) with any competitor regarding any aspect of the competition between the Company and the competitor; (ii) with customers which restrict the price or other terms at which the customer may resell or lease any product or service to third parties; or (iii) with suppliers which restrict the price or other terms at which the

Company may resell or lease any product or service to third parties. You should consult with Company legal counsel in connection with business arrangements that could raise competition law issues, including: (i) exclusive arrangements for the purchase or sale of products or services, (ii) bundling of goods or services, (iii) agreements that restrict a customer's ability to use or resell a Company product or service, (iv) technology licensing agreement that restrict the freedom of the licensee or licensor, (v) selective discounting, (vi) distribution arrangement with competitors, and (vii) agreements to add a Company employee to another entity's board of directors.

The Company may hold training sessions to promote compliance with specific laws and regulations upon request.

## 2. Conflicts of Interest

You are expected to avoid private interests or actions that materially interfere with the interests of the Company or that may make it difficult for you to objectively and effectively perform your duties to the Company. A conflict exists when your private interests interferes in any way with the interests of the Company. You are not permitted to work for a competitor. Unrelated business connections with customers, suppliers or competitors should be avoided. If you become aware of any actual, apparent or potential conflict you should bring it to the attention of a supervisor, manager or other appropriate personnel.

## 3. Insider Trading

You are not permitted to use or share any confidential information about the Company for stock trading purposes or for any other purpose except the conduct of the Company's business. All non-public information about the Company should be considered confidential information. It is illegal to use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information.

Employees, officers and directors must comply with insider trading and other securities laws and Company policies regarding securities transactions and handling of confidential information. The rules outlined below apply to transactions in the Company's common stock (including stock options), preferred stock and debt instruments, if any. The rules in certain instances also apply to purchases or sales of securities of other companies and to transactions in foreign securities markets. Insider trading is both unethical and illegal and will be firmly dealt with by the Company. Additionally, individuals and the Company are subject to severe civil and criminal penalties for insider trading.

Employees, officers and directors must comply with the following rules:

- You may not trade Company securities while you possess material nonpublic information about the Company's operations, activities, plans or financial results.

However, in limited circumstances from time to time, certain employees may trade Company securities pursuant to a prearranged contract, instruction or plan that complies with federal and state law, provided such contract, instruction or plan, or amendment thereof, is approved by the Chief Executive Officer of the Board of Directors or the Chairman's designee in consultation with legal counsel.

- Information is material when it could affect someone's decision to buy, hold or sell a Company's securities. Material information includes a Company's anticipated earnings, plans to acquire or sell significant businesses, and changes in senior executives. Limit transactions to times when it can reasonably be assumed that all material information about a Company has been disclosed. Allow two business days between the time material information has been made public through news services and the time you place your buy or sell order, so the information can be absorbed by the financial markets.
- Unless otherwise permitted by Securities and Exchange Commission rules, you may not trade securities of other companies when you possess material nonpublic information about those companies. Also, you may not trade securities of other companies when such trade is otherwise unlawful or creates a conflict of interest.
- You may not disclose material nonpublic information about the Company or another Company to anyone (i) inside the Company, unless they need to know the information for business purposes; or (ii) outside the Company, unless you obtain prior approval from management in consultation with legal counsel. The information belongs to the Company, and you may not misappropriate it for anyone's benefit. Giving a tip based on material nonpublic information is unethical and illegal, and is prohibited, even if you don't profit from it.
- You may not buy or sell put or call options on the Company's stock, and you may not sell Company stock short. Contracts which may have short selling features to them (e.g. forward sales contracts) may only be entered into with the approval of the Chief Executive Officer of the Board of Directors or the Chairman's designee.
- Whenever buying or selling Company securities, you must tell the broker about your relationship with the Company to facilitate a determination of whether you have "insider" status under securities laws.
- These rules apply to members of your family and anyone else sharing your home. Therefore, you must use discretion when discussing your work with friends or family members, as well as with other employees.

#### 4. Corporate Opportunities

Directors, officers and employees of the Company owe a duty to the Company to advance its legitimate interests when the opportunity arises. You are prohibited from taking for yourself personally opportunities that are discovered through the use of

Company property, information or position without the consent of the Board of Directors. You may not, directly or indirectly, compete with the Company.

5. Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. You should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. You may not use corporate property, information or position for improper personal gain.

6. Discrimination and Harassment

The Company values the diversity of its employees and is committed to providing equal opportunity in all aspects of employment. Illegal harassment or discrimination, including, but not limited to, derogatory comments based on race or ethnicity and unwelcome sexual advances, of any kind will not be tolerated.

7. Health and Safety

It is the Company's policy to provide each employee with a safe and healthy work environment. You are responsible for contributing to our efforts to maintain a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. You should report to work in condition to perform your duties, free from the influence of illegal drugs or alcohol. Violence and threatening behavior are not permitted. Weapons of any type are prohibited anywhere in the Company's premises.

8. Record-Keeping

The Company requires honest and accurate recording and reporting of information at all levels in order to make responsible business decisions (including, for example, reporting the number of hours worked). Business expenses must be documented and recorded accurately. If you are uncertain whether a certain expense is legitimate, ask your supervisor or a member of our accounting office.

The Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation and approved by the Board of Directors or the Audit Committee.

All records and communications can become public. You should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of

people and companies that can be misunderstood. This policy applies equally to e-mail, internal memos, and formal reports. Records should be retained or destroyed according to the Company's record retention policy. In the event of litigation or governmental investigation, records may not be destroyed without the approval of the Company's legal counsel.

#### 9. Financial and Related Reporting

The Company is subject to many financial reporting related laws, regulations and guidelines from a variety of authorities and agencies including but not limited to:

- a. Securities and Exchange Commission ("SEC");
- b. ERISA
- c. Internal Revenue Service; and
- d. State and Local Tax Authorities

The goal of executive management of the Company is to comply with all such guidelines. If at any time, you believe that information being provided to any of the entities listed above, corporate headquarters, the press or the shareholders (through SEC filings) is not accurate, contains error or omissions or is misleading, whether intentionally or inadvertently, you have an obligation to report that information to the appropriate individual. To report this type of information, you should immediately notify your supervisor, who in turn should report that information to more senior management, including the Chief Financial Officer. If the result of such notification is unsatisfactory, the name and corporate affiliations of the Company's Audit Committee of the Board of Directors and the Company's legal counsel are available on the company's website ([www.pcgrpinc.com](http://www.pcgrpinc.com)) and should be contacted immediately. As is the case with reporting violations in other areas of the law, no employee will be subject to retaliation as a result of their good faith actions.

#### 10. Confidentiality

You must maintain the confidentiality of confidential information entrusted to you by the Company or its customers, except where disclosure is required by law or regulation. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed, and all information that suppliers and customers have entrusted to us. This obligation continues after your employment with the Company ends.

#### 11. Protection and Proper Use of Company Assets

You have a responsibility to protect the Company's assets and ensure their efficient use. Any suspected incident of fraud or theft should be immediately reported to the Company's legal counsel for investigation. Company equipment and supplies should not be used for non-Company business, though incidental personal use may be permitted. The obligation to protect the Company's assets includes its proprietary information,

including intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports.

12. Payments to Government Personnel

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. In addition, the U.S. government has a number of laws and regulation regarding gratuities which may be accepted by U.S. government personnel. State, local and foreign governments may have similar rules. The promise, offer or delivery to any government official or employee, or any political candidate, of a gift, favor or other gratuity in violation of these rules is a violation of Company policy and a criminal offense.

13. Waivers of the Code of Business Conduct and Ethics

Waivers of this Code for executive officers or directors may be made only by the Board or a Board committee and will be promptly disclosed as required by law or regulation.

14. Reporting any Illegal or Unethical Behavior

It is the policy of the Company not to allow retaliation for reports of violations of law or misconduct by others made in good faith by employees. You are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior or if you are in doubt about the best course of action in a particular situation. You are expected to cooperate in internal investigations of misconduct.

Employees must read the Company's *Complaint Procedures for Accounting and Auditing Matters* which describes the Company's procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters. Employees may submit good faith concerns regarding questionable accounting or auditing matters without fear of dismissal or retaliation of any kind.

15. Interacting With Media/Outside Communications

Communications made on behalf of the Company must be approved by senior management, and personal views must be kept separate from Company views. Employees and officers may not speak publicly for the Company without the specific approval of senior management. All media inquiries regarding the Company must be referred to senior management. You may not use Company stationery or titles in communications involving non-Company business. An exception is allowed for occasional use of stationery for routine correspondence in connection with appropriate

outside civic, public service or charitable activities when approved by an officer of the Company.

## 16. Compliance Procedures

It is the Company's policy to ensure prompt action against violations of this Code. Recognizing that we cannot anticipate every potential situation that may arise and that it may at times be difficult to know if certain actions violate this Code, it is important that we have a way to approach new questions or problems. You should keep the following steps in mind:

- Make sure you have all the facts. We must be as fully informed as possible in order to reach the right solutions.
- Ask yourself if what you are being asked to do seems unethical or improper. Use your judgment and common sense. If something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, you will share responsibility with others. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor or an officer of the Company. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision making process. It is your supervisor's responsibility to help solve the problem. Supervisors should seek advice from the Company's legal counsel or from other sources if appropriate.
- Seek help from Company resources. In rare instances it may not be appropriate to discuss an issue with your supervisor or you may feel uncomfortable approaching your supervisor. In such instances discuss the situation with an officer of the Company, your human resources department or the Company's legal counsel.
- You may report ethical violations in confidence without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

## 17. Leadership Responsibilities

The obligations of officers and supervisory personnel go beyond those required of all employees and other persons subject to this Code. Officers and supervisors are expected to:

- Lead by example by setting the proper tone at the top.
- Personally lead compliance efforts through meetings, reports and regular monitoring of compliance matters and programs, as appropriate.
- Ensure that employees understand that business results are never more important than compliance.
- Encourage employees to raise their integrity questions and concerns.
- Consider employee compliance with Company policies when evaluating employees.
- Identify compliance risks associated with the Company's operations.
- Ensure that employees, subsidiaries, affiliates and, where appropriate, third parties understand the requirements of the Company's policies and applicable law.
- Implement procedures to identify heightened compliance risks and/or violations.
- Ensure that employees are able to raise concerns without fear of retaliation.
- Conduct periodic compliance review.
- Take prompt actions in response to any identified weaknesses or violations.

18. Gifts.

Employees may not accept gifts or gratuities from suppliers, customers or competitors.

19. Political Contributions/Lobbying.

Political contributions and expenditures may be made by the Company only if it is in the best interest of the Company and its shareholders and is legal under applicable laws. Because of the complexity and changing nature in the area of political contributions, all questions regarding this issue should be referred in advance to the Chairman of the Board of Directors.

20. The Company's Legal Counsel.

Any time that you are required or desire to contact the Company's legal counsel, you may do so by letter, telephone, fax or e-mail at the following address:

Kane Kessler, P.C.  
1350 Avenue of the Americas - 26<sup>th</sup> Floor  
New York, New York 10019  
Att'n: Robert L. Lawrence, Esq.  
Telephone: 212-541-6222  
Fax: 212-245-3009  
E-mail: [RLawrence@KaneKessler.com](mailto:RLawrence@KaneKessler.com)