



# Code of Conduct

## I. GENERAL STATEMENT OF BUSINESS PHILOSOPHY

AXS-One (sometimes referred to in this Code as the “Company,” “we” or “our”) is an ethical and socially responsible business organization that places a premium on dealing fairly with employees, customers, government regulators and the public. Our success depends upon maintaining the trust of these essential constituencies. Each employee who acts for AXS-One is responsible for its good name. Because our corporate integrity is so important, we have adopted this Code of Conduct, which describes the high moral standards we are expected always to demonstrate in performing our jobs. As you will see, our basic tenets are: ethical and legal behavior; loyalty to AXS-One in our business dealings; and fair and respectful treatment of fellow employees. The purpose of this Code of Conduct is to strengthen our ethical climate and to provide basic guidelines for situations in which ethical issues arise.

It is the policy of AXS-One to comply with all applicable laws, including, without limitation, employment, discrimination, health, safety, antitrust, securities and environmental laws. No director, officer, executive or manager of AXS-One has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.

Each and every employee, officer and director of AXS-One and its subsidiaries, without exception, is, and will be held, responsible for the observance of this Code of Conduct. If any employee has questions about any section of this Code of Conduct, he or she should direct all questions to the Vice President (or superior officer) in charge of his or her division, Human Resources, or the Legal Department. If an employee becomes aware that another employee has violated this Code of Conduct, he or she is obligated to report it in accordance with procedures set forth below. No one has the authority to retaliate against an employee who reports a possible violation. Failure to comply with any of the provisions of this Code of Conduct subjects the employee to disciplinary measures up to and including termination.

## II. POLICIES AND PRACTICES

### Conflicts of Interest

A conflict of interest may arise in any situation in which an employee's loyalties are divided between interests that, to some degree, are inconsistent with the business interests of AXS-One. All such conflicts must be avoided. We demand absolute integrity from all our employees and will not tolerate any conduct that falls short of that standard. We expect that no employee will knowingly place himself or herself in a position that would have the appearance of being, or could be construed to be, in conflict with the interests of AXS-One. Some of the more sensitive areas of conflicts of interest and our related guidelines are as follows:

#### a. Accepting Gifts and Entertainment

Our aim is to deter gift givers from seeking or receiving special consideration or favors from our employees. (See paragraph F, below, for guidelines concerning AXS-One's giving of gifts to, or entertainment of, customers and others.) Your receiving any gift of more than nominal value or entertainment that is more than a routine social amenity can appear to be an attempt to influence you into favoring a



particular customer, vendor, consultant or the like. To avoid the reality and the appearance of improper relations with current or prospective customers, vendors and consultants, employees should observe the following guidelines when deciding whether or not to accept gifts or entertainment (if an employee is unsure of the appropriateness of accepting a gift or entertainment, the employee should first obtain the approval of the Vice President (or superior officer) in charge of the employee's division or of the Legal Department):

**I. Gifts**

No employee may accept gifts if such gifts could reasonably be perceived as possibly influencing the employee's judgment in dealings with any contractor, supplier, customer, or other third party doing business with AXS-One. As a general rule, no employee may accept any gift other than one of purely nominal value, and no employee may ever accept any gift of cash, cash equivalent, shares of stock, options or an opportunity to participate in an initial public offering of securities.

In some international business transactions, it is customary and lawful for business leaders in a host country to give gifts to Company employees. These gifts may be of more than nominal value and under the circumstances, returning the gifts or paying for them may be an affront to the giver. In such a situation, the gift must be reported to the Vice President (or superior officer) in charge of the employee's division. In all other instances where gifts cannot be returned and offering to pay for them would adversely affect continuing business relationships, the Vice President (or superior officer) in charge of the employee's division must be notified. In some cases, the gift may be retained by AXS-One, at its sole discretion, and not the individual.

**II. Entertainment**

No employee should accept any meals or entertainment which could reasonably be perceived as possibly influencing the employee's judgment in dealings with any contractor, supplier, customer, or other third party doing business with AXS-One. Normal business entertainment such as lunch, dinner, theater, a sporting event, and the like, is appropriate if of a reasonable nature and in the course of a meeting or another occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations. However, any offer of overnight travel or unusually expensive entertainment should not be accepted without the prior approval of the Vice President (or superior officer) in charge of the employee's division.

**b. Outside Activities**

It is our policy that no employee is to have a "free-lance" or "moonlighting" activity that will materially encroach on the time or attention which should be devoted to the employee's duties to AXS-One; adversely affect the quality of work performed for AXS-One; compete with the Company's activities; imply sponsorship or support by AXS-One of the outside employment or organization; or adversely affect our good name. All free-lance or moonlighting activities require the prior written approval of the Vice President (or superior officer) in charge of the employee's division. Employees who free-lance or moonlight with such approval may not use Company time, facilities, resources, or supplies for such work

**c. Interests in Other Businesses**

Unless approved in advance by the Vice President (or superior officer) in charge of



the employee's division, neither an employee nor his or her spouse, domestic partner, or any other member of the employee's immediate family (parents, children or siblings) living in the same household as the employee may directly or indirectly have a financial interest (whether as an investor, lender, employee or other service provider) in an AXS-One competitor, or in a customer or supplier of AXS-One if that employee or his or her subordinates deal directly or indirectly with that customer or supplier in the course of his or her job with AXS-One. The prohibition stated in this paragraph does not apply to ownership of publicly traded securities of another company, if the aggregate ownership of such securities by the employee and all members of the employee's immediate family represent less than 1% of the outstanding number of those securities.

**d. Use of AXS-One Property and Information**

All employees are responsible for the proper use of our physical resources and property, as well as our proprietary and other confidential information.

**I. AXS-One Property and Facilities**

Company property, facilities or physical resources may not be used for solicitation or distribution activities which are not related to an employee's services to AXS-One, except for charitable activities during times that have both been approved in writing in advance by the Company. Employees may not solicit any other employee during working time, nor may employees distribute literature in work areas at any time. Under no circumstances may an employee disturb the work of others to solicit or distribute literature to them during their working time. Persons not employed by AXS-One may not solicit our employees for any purposes on Company premises.

Any employee found to be engaging in, or attempting, theft of any our property, including documents, equipment, intellectual property, personal property of other employees, cash or any other items of value will be liable to immediate summary dismissal and possible criminal proceedings against them. All employees have a responsibility to report any theft or attempted theft to the Company's management.

**II. AXS-One Proprietary and Other Confidential Information**

We operate in many different and extremely competitive markets. Every employee should be aware that in any competitive environment, proprietary information and trade secrets must be safeguarded in the same way that all other important Company assets are protected. Information concerning pricing, products and services that are being developed, and other trade secrets, including information pertaining to any prospective Company acquisition or divestiture, must be held in the strictest confidence, and reasonable prudence and care should be exercised in dealing with such information in order to avoid inadvertent disclosure. This information must not be used in any way other than as required in performing employment duties. All files, records and reports acquired or created in the course of employment are the property of AXS-One. Originals or copies of such documents may be removed from our offices for the sole purpose of performing the employee's duties to AXS-One and must be returned at any time upon request. Employees must also abide by the provisions of the Company's Non-Disclosure Policy found in this Employee Handbook.



### **III. Trademarks, Service Marks and Copyrights**

Trademarks and service marks - words, slogans, symbols, logos or other devices used to identify a particular source of goods or services - are important business tools and valuable assets which require care in their use and treatment. No employee may negotiate or enter into any agreement respecting our trademarks, service marks or logos without first consulting the Legal Department. We also respect the trademark rights of others and any proposed name of a new product or service intended to be sold or rendered to customers must be submitted to the Legal Department for clearance prior to its adoption and use. Similarly, using the trademark or service mark of another company, even one with whom our Company has a business relationship, always requires clearance or approval by our Legal Department, to ensure that the use of that other company's mark is proper.

Employees must avoid the unauthorized use of copyrighted materials of others and should confer with the Legal Department if they have any questions regarding the permissibility of photocopying, excerpting, electronically copying or otherwise using copyrighted materials. In addition, simply because material is available for copying, such as matter downloaded from the Internet, does not mean that it is automatically permissible to copy or recirculate (by, for example, email or posting to an intranet). All copies of work that are authorized to be made available for ultimate distribution to the public, including all machine readable works such as computer software, must bear the prescribed form of copyright notice.

The Company is legally entitled to all rights in ideas, inventions and works of authorship relating to our business that are made by employees during the scope of their employment with AXS-One or using our resources ("Employee Developments"). As a condition of employment, employees are required to promptly disclose all Employee Developments to their supervisor, and to execute the necessary documentation to transfer ownership of all Employee Developments to AXS-One.

#### **e. Company Political Involvement**

Employees are free to exercise their right to make political contributions on their own behalf within legal limits, unless such a contribution is otherwise prohibited by other policies of AXS-One. We will not reimburse any employee for political contributions, and employees should not attempt to receive or facilitate such reimbursements. Generally, no contribution may be made with the expectation of favorable government treatment in return. In any event, all contributions, by whomever made, are subject to a series of complex sets of rules governing, among other things, the amount of, and manner in which, contributions may be made. Any questions about compliance should be directed to the Legal Department. In addition, any political activity or contribution by an employee which might appear to be on behalf of, or to constitute an endorsement or contribution by, AXS-One must be approved in advance by the Chief Executive Officer and the Legal Department.

#### **f. Securities Laws**

Employees, officers and directors of AXS-One may not trade in (or even recommend) Company stock based on inside information. "Insider trading" is the purchase or sale of



a publicly traded security while in possession of important non-public information about the issuer of the security. Such information includes, for example, non-public information on Company earnings, significant gains or losses of business, or the hiring, firing or resignation of a Company director or officer. Insider trading, as well as "tipping", which is communicating such information to anyone who might use it to purchase or sell securities, is prohibited by the securities laws. When in doubt, information obtained as an employee of AXS-One should be presumed to be important and not public.

Employees who have questions pertaining to the sale or purchase of a security under circumstances that might involve confidential information or securities laws should consult with the Legal Department or Chief Financial Officer. The Legal Department may refer individuals to their personal attorneys.

Employees must also abide by the provisions of the Company's Insider Trading Policy found in this Employee Handbook.

#### **g. Antitrust Laws**

The federal government, most state governments, the European Economic Community and many foreign governments have enacted antitrust or "competition" laws. These laws prohibit "restraints of trade" between competitors, customers or suppliers in the marketplace. The purpose of these laws is to ensure that markets for goods and services operate competitively and efficiently, so that customers enjoy the benefit of open competition among their suppliers, and sellers similarly benefit from competition among their purchasers. In the United States and some other jurisdictions, violations of the antitrust laws can lead to substantial civil liability - triple the actual economic damages to a plaintiff. Moreover, violations of the antitrust laws are often treated as criminal acts that can result in felony convictions of both corporations and individuals.

Strict compliance with antitrust and competition laws around the world is essential. These laws are very complex. Some types of conduct are always illegal under the antitrust laws of the United States and many other countries. Employees and other representatives of AXS-One must be alert to avoid even the appearance of such conduct. These are:

##### **Agreements with competitors:**

- To set prices or any other economic terms of the sale, purchase or license of goods or services, to use a common method of setting prices, or to set any conditions of sale or purchase;
- On any terms of a bid or whether or not to bid;
- To allocate or limit customers, geographic territories, products or services, or not to solicit business from each other in one or more ways;
- Not to do business with (to "boycott") one or more customers, suppliers, licensors or licensees; and
- To limit production volume or research and development, to refrain from certain types of selling or marketing of goods or services, or to limit or standardize the features of products or services.

##### **Agreements with customers or licensees on the minimum resale price or price levels (e.g., discounts) of AXS-One's goods or services.**

Other activities are not absolutely illegal, but may be legal in some market situations and illegal in others. Some of these types of conduct involve agreements with third parties such as competitors, customers, suppliers, licensees or licensors. Others



involve unilateral actions that may result in claims that we have monopolized or attempted to monopolize a market. These types of conduct are described below:

- "Predatory" pricing, or pricing below some level of cost, with the effect of driving at least some competition out of the market;
- Exclusive dealing arrangements that require customers or licensees not to deal in the goods or services of our competitor;
- Reciprocal purchase agreements that condition the purchase of a product on the seller's agreement to buy products from the other party;
- "Tying" arrangements, in which a seller conditions its agreement to sell a product or service that the buyer wants on the buyer's agreement to purchase a second product that the buyer would prefer not to buy or to buy elsewhere on better terms;
- "Bundling" or market share discounts in which the final price depends on the customer's purchase of multiple products or on allocating a specified percentage of its total purchases to AXS-One's products;
- "Price discrimination," or selling to different purchasers of our products at different prices or on other different economic terms of the purchase, or offering different promotional allowances or services in connection with the customer's resale of the products, without complying with the specific exceptions permitted under the law; and
- Agreements with customers or licensees on the maximum resale price or price levels of our goods or services.

This Code of Conduct is not intended as a comprehensive review of the antitrust laws, and is not a substitute for expert advice. If any employee has questions concerning a specific situation, he or she should contact the Legal Department before taking action.

#### **h. International Operations**

Laws and customs vary throughout the world, but all employees must uphold the integrity of AXS-One in other nations as diligently as they would do so in the United States. When conducting business in other countries, it is imperative that employees be sensitive to foreign legal requirements and United States laws that apply to foreign operations, including the Foreign Corrupt Practices Act. The Foreign Corrupt Practices Act generally makes it unlawful to give anything of value to foreign government officials, foreign political parties, party officials, or candidates for public office for the purposes of obtaining, or retaining, business for AXS-One. Employees should contact the Legal Department if they have any questions concerning a specific situation.

#### **i. Relationships with Public Officials**

Some employees do business with federal, state or local government agencies. All employees engaged in business with a governmental body or agency must know and abide by the specific rules and regulations covering relations with public agencies. Those employees must also conduct themselves in a manner that avoids any dealings



which might be perceived as attempts to influence public officials in the performance of their official duties.

**j. Bribery, Kickback and Fraud**

No funds or assets of AXS-One shall be paid, loaned or otherwise disbursed as bribes, "kickbacks", or other payments designed to influence or compromise the conduct of the recipient; and no employee of the Company shall accept any funds or other assets (including those provided as preferential treatment to the employee for fulfilling their responsibilities), for assisting in obtaining business or for securing special concessions from AXS-One.

Company employees should conduct their business affairs in such a manner that our reputation will not be impugned if the details of their dealings should become a matter of public discussion.

Employees must not engage in any activity, which degrades our reputation or integrity.

To illustrate the strict ethical standard we expect every employee, officer and director to maintain, the following conduct is expressly prohibited:

- Payment or receipt of money, gifts, loans or other favors (of more than nominal value) which may tend to influence business decisions or compromise independent judgment;
- Payment or receipt of rebates or "kickbacks" for obtaining business for or from AXS-One;
- Payment of bribes to government officials to obtain favorable rulings; and
- Any other activity that would similarly degrade our reputation or integrity.

Any employee found to be receiving, accepting or condoning a bribe, kickback, or other unlawful payment, or attempting to initiate such activities, will be liable to termination and possible criminal proceedings against them. Any employee found to be attempting fraud or engaging in fraud will be liable to termination and possible criminal proceedings against them. All employees have a responsibility to report any actual or attempted bribery, kickback or fraud to the Legal Department.

**k. Sanctions and Trade Embargoes**

The United States government uses economic sanctions and trade embargoes to further various foreign policy and national security objectives. Employees must abide by all economic sanctions or trade embargoes that the United States has adopted, whether they apply to foreign countries, political organizations or particular foreign individuals and entities. Inquires regarding whether a transaction on behalf of AXS-One complies with applicable sanction and trade embargo programs should be referred to the Legal Department.

**l. Books and Records**

Working together with the Chief Financial Officer, all employees with supervisory duties should establish and implement appropriate internal accounting controls over all areas under their responsibility to ensure the safeguarding of our assets and the



accuracy and retention of our financial records and reports. We have adopted controls in accordance with internal needs and the requirements of applicable laws and regulations which policies may be found on our internal web site. These established accounting practices and procedures must be followed to assure the timely, full, fair, understandable, complete and accurate recording and reporting of all transactions. All staff, within their areas of responsibility, are expected to adhere to these procedures, as directed by appropriate Company officers.

Any accounting adjustments that materially depart from GAAP must be both approved by the Audit Committee of our Board of Directors and reported by the Chief Financial Officer to our independent auditors. In addition, all material off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships of AXS-One with unconsolidated entities or other persons that may have material current or future effects on our financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses must be both approved by the Audit Committee and reported by the Chief Financial Officer to our independent auditors.

No employee, officer or director may interfere with or seek to improperly influence, directly or indirectly, the auditing of our financial records. Violation of these provisions shall result in disciplinary action, up to and including termination, and may also subject the violator to substantial civil and criminal liability.

If an employee becomes aware of any improper transaction or accounting practice concerning the resources of AXS-One, he or she should report the matter immediately to the Vice President (or superior officer) in charge of the employee's division. Employees may also file a confidential, anonymous complaint with the Legal Department or the Audit Committee if they have information regarding questionable accounting or auditing matters. The Company will publish, from time to time, procedures which employees may use to contact the Audit Committee or Legal Department on a confidential, anonymous basis. There will be no retaliation against employees who disclose questionable accounting or auditing matters.

#### **m. Employment Policies**

We are committed to fostering a work environment in which all individuals are treated with respect and dignity. Each individual should be permitted to work in a business-like atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, we expect that all relationships among persons in the workplace will be business-like and free of unlawful bias, prejudice and harassment. It is our policy to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, national origin, religion, sex, age, disability, or any other status protected by law. AXS-One's Equal Employment Opportunity Policy and Sexual and Other Unlawful Harassment Policy are contained in this Employee Handbook.

It is our policy to comply with all applicable wage and hour laws and other statutes regulating the employer-employee relationship and the workplace environment.

No Company employee may interfere with or retaliate against another employee who seeks to invoke his or her rights under the laws governing labor and employee relations. If any employee has any questions about the laws or Company policies



governing labor and employee relations matters, he or she should consult this Employee Handbook or contact the Human Resources Department.

We are committed to providing a safe workplace for all employees. In addition, several laws and regulations impose responsibility on AXS-One to safeguard against safety and health hazards. For that reason, and to protect the safety of themselves and others, employees and other persons who are present at Company facilities are required to follow carefully all safety instructions and procedures that we adopt. Questions about possible health and safety hazards at any Company facility should be directed immediately to the employee's supervisor or the Human Resources Department.

#### **n. Computer, E-mail and Internet Policies**

Every employee is responsible for using the Company's computer system, including, without limitation, its electronic mail (E-mail) system and the Internet (collectively, the "Computer System"), properly and in accordance with Company policies. Our Company's Computer System Policies including the Corporate Software Policy, Communication Policy, World Wide Web/Internet Policy and Internet Message Boards Policy are contained in this Employee Handbook. Any questions about these policies should be addressed to the employee's supervisor or to Knowledge Systems. Employees should be aware of, among other matters, the following:

##### **The Computer System Is AXS-One Property**

The computers that employees are provided or have access to for work and the E-mail system are the property of AXS-One and have been provided for use in conducting Company business. All communications and information transmitted by, received from, created or stored in its Computer System (whether through word processing programs, E-Mail, the Internet or otherwise) are Company records and the property of AXS-One.

##### **No Expectation of Privacy**

We have the right, but not the duty, for any reason and without the permission of any employee, to monitor any and all of the aspects of its Computer System, including, without limitation, reviewing documents created and stored on its Computer System, deleting any matter stored in its system, monitoring sites visited by employees on the Internet, monitoring chat and news groups, reviewing material downloaded or uploaded by users from the Internet, and reviewing E-Mail sent and received by users. Employees should not have an expectation of privacy in anything they create, store, send or receive on the Computer System.

##### **Professional Use of Computer System Required; Other Policies Apply**

Employees are reminded to be courteous to other users of the system and always to conduct themselves in a professional manner. Our policies against discrimination and harassment (sexual or otherwise) apply fully to your use of our Computer System, and any violation of those policies is grounds for discipline up to and including discharge.



### **Offensive and Inappropriate Material; Illegal Activities**

Company policies prohibit using our Computer System to send or receive messages or files that are illegal, sexually explicit, abusive, offensive or profane.

### **Solicitations**

Our Computer System may not be used to solicit for religious or political causes, commercial enterprises, outside organizations, or other activities not related to an employee's services to AXS-One.

### **Copyrights and Trademarks**

Our Computer System may not be used to improperly send (upload) or receive (download) copyrighted materials, trade secrets, proprietary financial information, or similar materials.

### **e. Document Retention**

The space available for the storage of Company documents, both on paper and electronic, is limited and expensive. Therefore, periodic discarding of documents is necessary. On the other hand, there are legal requirements that certain records be retained for specific periods of time. Before disposing of documents, employees should consult with both the Legal Department and the Tax Manager. Employees who are unsure about the need to keep particular documents should consult with their supervisor, so that a judgment can be made as to the likelihood that the documents will be needed.

Whenever it becomes possible that documents of any type may be required in connection with a lawsuit or government investigation, all possibly relevant documents must be preserved, and ordinary disposal procedures must be immediately suspended with respect to such documents. If an employee is uncertain whether documents under his or her control should be preserved because they might relate to a lawsuit or investigation, he or she should immediately contact the Legal Department.

### **f. Former Government Employees**

Many laws restrict the hiring as an employee or retaining as a consultant of a government employee other than secretarial, clerical, or other low salary grade employees. These restrictions also cover informal arrangements for prospective employment under certain circumstances. Therefore, written clearance must be obtained from the Legal Department before discussing proposed employment with any current government employee and before hiring or retaining any former government employee who left the government within the past two years.

## **III. COMPLIANCE WITH THIS CODE OF CONDUCT**

All employees have a responsibility to understand and follow this Code of Conduct. In addition, all employees are expected to perform their work with honesty and integrity in any areas not specifically addressed by the Code of Conduct. A violation of this Code of Conduct may result in appropriate disciplinary action including the possible termination from employment with AXS-One, without additional warning.



We strongly encourage dialogue among employees and their supervisors to make everyone aware of situations that give rise to ethical questions and to articulate acceptable ways of handling those situations. In addition, each employee must certify that he or she has read this Code of Conduct and will comply with all its provisions.

This Code of Conduct reflects general principles to guide employees in making ethical decisions and cannot and is not intended to address every specific situation. As such, nothing in this Code of Conduct prohibits or restricts AXS-One from taking any disciplinary action on any matters pertaining to employee conduct, whether or not they are expressly discussed in this document. This Code of Conduct is not intended to create any expressed or implied contract with any employee or third party. In particular, nothing in this document creates any employment contract between AXS-One and any of its employees.

The Board of Directors of AXS-One has the exclusive responsibility for the final interpretation of this Code of Conduct. This Code of Conduct may be revised, changed or amended at any time by the Board of Directors of AXS-One.

#### **IV. REPORTING SUSPECTED NON-COMPLIANCE**

##### **A. General Policy:**

As part of its commitment to ethical and legal conduct, AXS-One expects its employees to bring to the attention of the Vice President (or superior officer) in charge of the employee's division, Human Resources or the Legal Department information about suspected violations of this Code of Conduct or of any law or regulation by any Company employee or agent. Employees who have information about suspected improper accounting or auditing matters should bring it to the attention of the Vice President (or superior officer) in charge of the employee's division, or submit an anonymous complaint to the Audit Committee or the Legal Department. Employees are required to come forward with any such information, without regard to the identity or position of the suspected offender. We will treat the information in a confidential manner (consistent with appropriate evaluation and investigation) and will ensure that no acts of retribution or retaliation are taken against anyone for making a report. Failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report.

##### **B. Complaint Procedure**

###### **1. Knowing What Issues to Raise and When**

Bring to management's attention any instance in which you are aware of unlawful conduct or conduct that violates the standards described in this Code of Conduct. Also, raise with management any concern you may have whether proper procedures are being followed, even though you are not certain whether legal or ethical standards are being violated. It is also important to let management know whenever you believe adequate resources or training are not being provided so as to enable employees to comply with legal standards applicable to the Company. Raise questions promptly so that the issues can be dealt with early.



## **2. Procedures for Raising Issues**

You may satisfy your obligation to bring issues forward by speaking with:

- Your supervisor
- The Vice President (or superior officer) in charge of your division
- The President or any Managing Director or Vice-President of the Company or subsidiary
- Any other person designated for this purpose by the Company
- Human Resources
- Any member of the Legal Department

## **3. Promise of Non-Retaliation**

An employee will not suffer retaliation by the Company as a consequence of coming forward under this Code of Conduct. Although coming forward will not immunize an employee from the consequences of his or her own misconduct, the employee's action of coming forward will be protected. Employees should always bear in mind that failure to bring violations of which one is aware to the attention of management is a violation of Company policy and could result in disciplinary action, including possible termination of employment.

## **4. Investigation of Complaints**

Every inquiry and complaint an employee makes will be taken seriously. Each will be fully investigated on the merits and the employee will be provided general information about its resolution.



April 18, 2005

To All AXS-One Employees:

Our Code of Conduct provides that each and every AXS-One employee has a duty and obligation to report what they believe may be questionable accounting or auditing matters to the Audit Committee of our Board of Directors and/or our Chief Legal Officer. Unless you specify otherwise, any report submitted will be handled in a confidential and anonymous manner. All such reports will be investigated in good faith, and appropriate corrective action will be taken if determined to be necessary. No reprisals will be taken by AXS-One against anyone making such a report solely by virtue of his or her making of such a report. To the extent required by applicable law or regulation, AXS-One will disclose both that it has made such an investigation and any corrective action it has taken as a result of such investigation.

You may contact our Audit Committee as follows:

The Audit Committee of The Board of Directors  
AXS-One Inc.  
c/o Daniel Sternberg, Esq.  
Cleary, Gottlieb, Steen & Hamilton  
One Liberty Plaza  
New York, NY 10006  
Fax: 212-225-3999

and our Chief Legal Officer is:

Paul Abel  
General Counsel  
AXS-One Inc.  
301 Route 17 North  
Rutherford, NJ 07070  
Fax: 201-939-6955

Let me take this opportunity to once again reiterate AXS-One's commitment to full and fair disclosure of the financial results of its operations and to full compliance with all applicable legal regulation.

Sincerely,

William P. Lyons  
Chairman/Chief Executive Officer