

e.DIGITAL CORPORATION

CODE OF CONDUCT POLICY

Dated February 15, 2005

1. PURPOSE

- 1.1 The purpose of this policy is to summarize a code of business ethics that will apply equally to all Employees, officers, affiliates and directors, regardless of job duties and responsibilities. The intent of this policy is to discourage any wrongdoing and to promote the conduct of all Company business in accordance with the highest standards of integrity and to ensure compliance with all applicable laws and regulatory agencies.

2. SCOPE

- 2.1 This policy applies to all e.Digital employees, officers, affiliates and directors.

3. POLICY

3.1 Responsibility of Ethical Conduct

It is the responsibility of all employees, officers, affiliates and directors of e.Digital to engage in ethical behaviors and practices.

3.2 Compliance with the Law

All employees, officers, affiliates and directors must comply with every applicable local, state, federal, and foreign law or regulation.

- a. Securities Law – Employees, officers, affiliates and directors shall not buy, sell, or recommend e.Digital stock or any other company’s stock if “material inside information” is known. Material inside information is defined as any information that, if made public, could affect an investor’s decision to buy or sell the stock of the company.
- b. Antitrust Laws- Employees, officers, affiliates and directors, such as those in sales, must be familiar with and adhere to antitrust laws, which prohibit agreements with competitors, suppliers, or customers that constitute unlawful restraint of trade as well as price discrimination.
- c. Laws Governing International Activities- Employees, officers, or directors, if involved with international activities, must be familiar with and adhere to Foreign Corrupt Practices Act. Any action taken in support of an international boycott not sanctioned by the U.S. government is prohibited.
- d. Employment Laws – Employees, officers, affiliates and directors shall not engage in any form of discrimination, including sexual harassment and/or harassment based on race, color, ancestry, national origin, citizenship, military status, religion, gender, marital status, age, sexual orientation, physical or mental disability, or other protected status.
- e. Occupational Health and Safety and Environmental Laws – Employees, officers, affiliates and directors shall comply and adhere to environmental laws and regulations regarding workplace health and safety.

3.3 Conflict of Interest

Employees, officers, affiliates and directors shall not solicit or accept salaries, fees, commissions, or any other type of compensation from any individual or organization that conducts or seeks to conduct business with e.Digital or one of e.Digital’s competitors. Employees, officers, affiliates and directors shall not, directly or indirectly, attempt to influence any decision of the company in order to derive a personal or financial benefit.

3.4 Protection of Corporate Opportunities

Employee, officers, and directors shall not use corporate property, information, or position for improper personal gain. Employee, officers and directors shall not compete, directly or indirectly, with e.Digital.

3.5 Ethical Obligation for Financial Reporting

Employees, officers, affiliates and directors shall comply with Securities and Exchange Commission's guidelines and regulations in an accurate and timely manner. The Chief Executive Officer and the Finance Department personnel are responsible for reporting any information, if made aware, that affects the disclosures made by e.Digital in its public filings.

3.6 Protection of Confidential Information

Employees, officers, affiliates and directors shall not disclose any confidential information acquired by or available to them during the course of employment or service. This information includes, but is not limited to, technology, intellectual property, business and financial information pertaining to sales, earnings, balance sheet items, business forecasts, business plans, acquisition strategies, and other information that might be of use to competitors or harmful to e.Digital or its customers, if disclosed.

3.7 Fair Business Dealings.

Employees, officers, affiliates and directors shall respect the rights of and deal fairly with e.Digital's customers, suppliers, competitors, and employees. It is prohibited for all employees, officers, affiliates and directors to take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

3.8 E-mail and Internet Use

Employees, officers, affiliates and directors shall not use e-mail and internet systems for improper or illegal purposes. (See Email Internet Use policy in Employee handbook)

3.9 Improper Payments or Gifts

Employees, officers, affiliates and directors shall not solicit or accept payments, gifts, or favors of more than nominal value from persons doing or seeking to do business with e.Digital.

3.10 e.Digital assets/funds for Political Contributions

Employees, officers, affiliates and directors shall not use funds or assets of e.Digital to support political parties', committee's, or candidates. Reimbursements for political contributions are not allowed.

3.11 Reporting Violations, Misconduct, and/or Improper activities

e.Digital strongly encourages employees, officers, affiliates and directors to disclose improper activities, misconduct, or violation of the Code. Employees are encouraged to contact departmental management, Human Resources, and/or The Network (see Whistleblower Policy) with this information. e.Digital prohibits retaliation for reports of misconduct by others made in good faith. Failure to comply with the Code will not be tolerated and will result in disciplinary actions, which may include termination of employment or Board service.

3.12 Waiver of the Code of Conduct

Only the Board of Directors or a committee of the Board of Directors may grant a waiver of the Code to an executive officer or director. Any waiver will be promptly disclosed as required by law or Securities Exchange Commission regulations.

3.13 Communication of the Code

This Code of Conduct policy is available on the company website and included in the Employee handbook.

Employees are trained upon hire during their orientation session, and periodically thereafter evidencing the entity's commitment to ensuring employees understand, comply and adhere to the Code.

Employees in top management positions are to become familiar with management's standards and the Sarbanes-Oxley Act of 2002.

3.14 Receipt and Retention of the Code

Board of Directors and employees will sign the Code upon hire or designation to the Board. All employees deemed to be in a "position of trust", as well as Board members, will be required to sign the Code on an annual basis to re-confirm their receipt and understanding of the Code. Employees deemed to be in "positions of trust" including individuals in Accounting/Finance, Human Resources, IT and other positions that are entrusted with the handling of confidential information, cash and company assets. The signed Code will be filed and retained in the employee's personnel file.

3.15 Concerns Regarding Accounting or Auditing Matters

Employees with concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal controls or auditing matters may confidentially and anonymously submit such concerns in writing to the Chairman of the Audit Committee [see whistleblowing policy].

3.16 Revision of the Code

Annually, Senior Management will review the Code of Conduct for applicability and adequacy. The Board of Directors will then approve revised additions.

Reference:

Whistleblower Policy

Communication & Disclosure Policy

CERTIFICATION

I, _____ do hereby certify that:
Print Name

1. I have received and carefully read the Code of Conduct Policy for e.Digital Corporation.
2. I understand the Code of Conduct Policy.
3. I have complied and will continue to comply with the terms of the Code of Conduct.

Date Signature

EACH EMPLOYEE, CONSULTANT, AFFILIATE AND DIRECTOR IS REQUIRED TO SIGN, DATE AND RETURN THIS CERTIFICATION TO THE HUMAN RESOURCES DEPARTMENT WITHIN 14 DAYS OF RECEIPT. FAILURE TO DO SO MAY RESULT IN DISCIPLINARY ACTION.

THIS CODE OF CONDUCT POLICY WILL BE DISTRIBUTED FOR SIGNATURE ON AN ANNUAL BASIS.