

COST PLUS, INC.
CODE OF BUSINESS CONDUCT AND ETHICS

Amended as of November 4, 2011

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	<u>Page</u>
I. INTRODUCTION	1
II. COMPLIANCE IS EVERYONE'S BUSINESS.....	1
III. YOUR RESPONSIBILITIES TO THE COMPANY AND ITS STOCKHOLDERS.....	2
A. General Standards of Conduct	2
B. Applicable Laws	2
C. Conflicts of Interest.....	3
D. Corporate Opportunities.....	5
E. Protecting the Company's Confidential Information	5
F. Obligations Under Securities Laws-"Insider" Trading.....	6
G. Prohibition Against Short Selling of Company Stock	7
H. Use of Company's Assets.....	7
I. Maintaining and Managing Records.....	9
J. Records on Legal Hold	10
K. Payment Practices	10
L. Foreign Corrupt Practices Act	11
M. Export Controls.....	11
IV. RESPONSIBILITIES TO OUR CUSTOMERS AND OUR SUPPLIERS.....	12
A. Customer Relationships	12
B. Payments or Gifts from Others	12
C. Publications of Others.....	12
D. Handling the Confidential Information of Others.....	13
E. Selecting Suppliers.....	14
F. Government Relations	14
G. Lobbying.....	14
H. Government Contracts	15
I. Free and Fair Competition	15
J. Industrial Espionage.....	16
V. WAIVERS	16
VI. DISCIPLINARY ACTIONS	16
VII. DUTY TO COME FORWARD.....	17
VIII. ACKNOWLEDGMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS.....	18

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I. INTRODUCTION

This Code of Business Conduct and Ethics helps ensure compliance with legal requirements and our standards of business conduct. All Company employees and members of our Board of Directors are expected to read and understand this Code of Business Conduct and Ethics, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all agents and contractors are aware of, understand and adhere to these standards.

Because the principles described in this Code of Business Conduct and Ethics are general in nature, you should also review all applicable Company policies and procedures for more specific instruction and contact the Human Resources department if you have any questions.

Nothing in this Code of Business Conduct and Ethics, in any Company policies and procedures, or in other related communications (verbal or written) is intended to create or constitute an employment contract or term of employment.

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Code of Business Conduct and Ethics is subject to modification. This Code of Business Conduct and Ethics supersedes all other such codes, policies, procedures, instructions, practices, rules or written or verbal representations to the extent such prior communications are inconsistent with the principles stated herein.

II. COMPLIANCE IS EVERYONE'S BUSINESS

Ethical business conduct is critical to our business. As an employee, your responsibility is to respect and adhere to these ethical business practices. Many of these practices reflect legal or regulatory requirements. Violations of these laws and regulations can create significant liability for you, the Company, its directors, officers, and other employees.

Part of your job and ethical responsibility is to help enforce this Code of Business Conduct and Ethics. You should be alert to possible violations and report possible violations immediately to the Human Resources Department or the Cost Plus World Market Hotline (1-800-824-7103). You also must cooperate in any internal or external investigations of possible violations. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code of Business Conduct or other Company policies, or against any person who is participating or assisting in any investigation or inquiry with respect to the reporting of an alleged violation, is strictly prohibited.

Violations of law, this Code of Business Conduct and Ethics, or other Company policies or procedures should be reported immediately to the Human Resources Department.

Violations of law, this Code of Business Conduct and Ethics or other Company policies or procedures by Company employees can lead to disciplinary action up to and including termination of employment.

When determining whether an action is appropriate, you should use the following test: Imagine that the words you are using or the action you are taking will be fully disclosed in the media with all the details, including your name and photo. If you are uncomfortable with the idea of this information being made public, you should reconsider whether your words or your actions are appropriate under the circumstances.

In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of this Code of Business Conduct and Ethics and/or understanding the Company's expectations of you by contacting your supervisor or the Human Resources Department.

III. YOUR RESPONSIBILITIES TO THE COMPANY AND ITS STOCKHOLDERS

A. General Standards of Conduct

The Company expects all employees, agents and contractors to exercise good judgment to ensure the safety and welfare of employees, agents and contractors and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organization. These standards apply while working on our premises, at offsite locations where our business is being conducted, at Company-sponsored business and social events, or at any other place where you are a representative of the Company. Employees, agents or contractors who engage in misconduct or whose performance is unsatisfactory may be subject to disciplinary action, up to and including termination. You should review the Company's employment handbook for additional information regarding the Company's expectations regarding your standards of conduct.

B. Applicable Laws

All Company employees, agents and contractors must comply with all applicable laws, regulations, rules and regulatory orders. Company employees located outside of the United States must comply with laws, regulations, rules and regulatory orders of the United States, including the Foreign Corrupt Practices Act and the U.S. Export Control Act, in addition to applicable local laws. Each employee, agent and contractor must acquire appropriate knowledge of the requirements relating to his or her duties sufficient to enable him or her to recognize potential violations of law and to know when to seek advice on specific Company policies and procedures. Violations of laws, regulations, rules and regulatory orders may subject the employee, agent or contractor to individual criminal or civil liability, as well as to discipline by the Company. Such individual violations may also subject the Company to civil or criminal liability or the loss of business.

C. Conflicts of Interest

Each of us has a responsibility to the Company, our stockholders and each other to avoid conflicts of interest. Although this duty does not completely prevent us from engaging in personal transactions and investments, it does demand that we avoid any situations where a conflict of interest might occur or appear to occur. The Company is subject to scrutiny from many different individuals and organizations, including governmental agencies. We should always strive to avoid even the appearance of impropriety.

What constitutes a conflict of interest? A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Examples include:

(i) **Employment/Outside Employment.** In consideration of your employment with the Company, you are expected to devote your full attention to the business interests of the Company. You are prohibited from engaging in any activity that is in conflict with the interests of the Company and that would create a material disruption to the Company's operations or interests. To that end, the Company prohibits any employee from accepting simultaneous employment with a Company supplier, customer, developer or competitor, or from taking part in any activity that supports a competitor's position. Additionally, you must disclose in writing to the Company's Vice President of Human Resources any interest that you have that may conflict with the business of the Company. If you have any questions about this requirement, you should contact your supervisor or the Human Resources Department.

(ii) **Outside Directorships.** It is a conflict of interest to serve as a director of any company that competes with the Company. Our policy requires that you first obtain approval from the Company's Chief Executive Officer before accepting any directorship. Any compensation you receive should be commensurate to your responsibilities. Such approval may be conditioned upon the completion of specified actions.

(iii) **Business Interests.** While the Company does not entirely prohibit investing in a customer, supplier, developer or competitor of the Company, any such investments must not compromise your responsibilities and duty to the Company. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; your ability to influence the Company's decisions or performance; your access to confidential information of the Company or of the company in which you seek to invest; and the nature of the relationship between the Company and the other company. The Company requires that prior to any investment in a customer, supplier, developer or competitor of the Company, you provide written notice to the Company's Chief Financial Officer of the name of the customer, supplier, developer or competitor in which you want to invest and the size and nature of the investment. . If determined to be material to the Company by the Chief Financial Officer, the Company's Audit Committee must review and approve in writing in advance any such investment transaction. The most significant

(iv) **Related Parties.** As a general rule, you should avoid conducting Company business with a relative or significant other, or with any business in which a relative or significant other is affiliated or associated in any role. Relatives include spouse, domestic partner, sister, brother, daughter, son, mother, father, grandparent, aunt, uncle, niece, nephew, cousin, step relationships, and in-laws. Significant others include persons with whom you have a personal romantic relationship (such as boyfriend or girlfriend) or are living in a spousal (including same sex) or familial fashion.

If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction in writing and in advance of the transaction to the Company's Chief Financial Officer. If determined to be material to the Company by the Chief Financial Officer, the Company's Audit Committee must review and approve in writing in advance any such related party transaction. The most significant related party transactions, particularly those involving the Company's directors or executive officers, must be reviewed and approved in writing in advance by the Company's Board of Directors. The Company must report all such material related party transactions under applicable accounting rules, Federal securities laws, United States Securities and Exchange Commission ("SEC") rules and regulations, and securities market rules. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to the related party.

The Company discourages the employment of relatives and significant others in positions or assignments within the same department and prohibits the employment of such individuals in positions in which a financial dependence or influence exists (e.g., an auditing or control relationship, or a supervisor/subordinate relationship). The purpose of this policy is to prevent the organizational impairment and conflicts that are a likely outcome of the employment of relatives or significant others, especially in a supervisor/subordinate relationship. If a question arises about whether a relationship is covered by this policy, the Human Resources Department is responsible for determining whether an applicant's or transferee's relationship is covered by this policy. The Human Resources Department shall advise all affected applicants and transferees of this policy. Willful withholding of information regarding a prohibited relationship/reporting arrangement may be subject to disciplinary action, up to and including termination. If a prohibited relationship exists or develops between two employees, the employee in the senior-level (or managerial-level) position must promptly disclose in writing the existence of the relationship to his/her Supervisor. The Company retains the right in its sole discretion to separate the individuals either by reassignment or by termination of employment.

(v) **Other Situations.** Because other conflicts of interest may arise, it would be impractical to attempt to address all possible situations in which a conflict of interest may arise. If a proposed transaction or situation raises any questions or doubts in your mind you should immediately consult with the Human Resources Department.

D. Corporate Opportunities

Employees, officers and directors may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in advance and in writing to the Company's Board of Directors and the Board of Directors formally declines to pursue such opportunity.

E. Protecting the Company's Confidential Information

The Company's confidential information is a valuable asset. The Company's confidential information includes sales and sales-related information; pricing; source codes; product plans and road maps; names, contact information and lists of customers, dealers, suppliers, and employees; financial information; and personnel, skill-set and performance-related information about Company employees. This information is the property of the Company and may be protected by patent, trademark, copyright and trade secret laws. All confidential information must be used for Company business purposes only. Every employee, agent and contractor must safeguard it. **THIS RESPONSIBILITY INCLUDES NOT DISCLOSING COMPANY CONFIDENTIAL INFORMATION, SUCH AS INFORMATION REGARDING THE COMPANY'S PRODUCTS OR BUSINESS, OVER THE INTERNET INCLUDING SOCIAL NETWORKING SITES AND BLOGS.** This responsibility includes the safeguarding, securing and proper disposal of confidential information in accordance with the Company's policy on Maintaining and Managing Records set forth in Section III.I of this Code of Business Conduct and Ethics. This obligation extends to confidential information of third parties, which the Company has lawfully received pursuant to Non-Disclosure Agreements. For additional information, you should review the Company's policy dealing with Handling Confidential Information of Others set forth in Section IV.D of this Code of Business Conduct and Ethics. You are also responsible for properly labeling any and all documentation shared with or correspondence and electronic communications sent to legal counsel as "Attorney-Client Privileged".

(i) **Proprietary Information and Invention Agreement.** When you joined the Company, you signed the Employee Handbook Acknowledgement agreeing to protect and hold confidential the Company's proprietary information and trade secrets. This agreement remains in effect for as long as you work for the Company and after you leave the Company. Under this agreement, you may not disclose the Company's confidential information to anyone or use it to benefit anyone other than the Company without the prior written consent of an authorized Company officer.

(ii) **Disclosure of Company Confidential Information.** To further the Company's business, from time to time Company confidential information may be disclosed to potential business partners. However, such disclosure should never be done without carefully considering its potential benefits and risks. If you determine in consultation with your manager and other appropriate Company management that disclosure of confidential information is necessary, you must ensure that an appropriate written nondisclosure agreement is signed prior to the disclosure. You must obtain approval from senior management within your department regarding the specific form of non-disclosure agreement to be used in a particular transaction. The Company has standard nondisclosure agreements suitable for most disclosures. In addition, all Company

materials that contain Company confidential information, including presentations, must be reviewed and approved by the Company's Chief Financial Officer prior to publication or use. Furthermore, any employee publication or publicly made statement that might be perceived or construed as attributable to the Company, made outside the scope of his or her employment with the Company, must be reviewed and approved in writing in advance by the Company's Chief Financial Officer.

(iii) **Requests by Regulatory Authorities.** The Company and its employees, agents and contractors must cooperate with appropriate government inquiries and investigations. In this context, however, it is important to protect the legal rights of the Company with respect to its confidential information. All government requests for information, documents or investigative interviews must be referred to the Company's Chief Financial Officer. No confidential information, including specifically Company financial information, may be disclosed without the prior written approval of the Chief Financial Officer.

(iv) **Company Spokespeople.** Specific policies have been established regarding who may communicate information to the press/media and the financial analyst community. All inquiries, telephone calls or email from the press/media and/or financial analysts should be referred to the Chief Executive Officer or Chief Financial Officer. The Company has designated its CEO and CFO as the official Company spokespeople for financial matters. The Company has designated its Public Relations Department as the official Company spokespeople for marketing, technical and other such information. These designees are the only people who may communicate with the press/media on behalf of the Company.

F. Obligations Under Securities Laws - Prohibition on "Insider" Trading

Obligations under the U.S. securities laws apply to everyone. In the normal course of business, officers, directors, employees, agents, contractors and consultants of the Company may come into possession of material non-public information. This information is the property of the Company -- you have been entrusted with it. You may not profit from it by buying or selling securities yourself, or by passing on the information to others to enable them to profit or for them to profit on your behalf (known as "tipping"). The purpose of this policy is both to inform you of your legal responsibilities and to make clear to you that the misuse of material non-public information is contrary to Company policy and U.S. securities laws.

Insider trading is a crime, penalized by fines of up to \$5,000,000 and 20 years in jail for individuals. In addition, the SEC may seek the imposition of a civil penalty of up to three times the profits made or losses avoided from the trading. Insider traders must also disgorge any profits made, and are often subjected to an injunction against future violations. In addition, insider traders may be subjected to civil liability in private lawsuits.

Employers and other controlling persons (including supervisory personnel) are also subject to potential penalties under U.S. securities laws. Controlling persons may, among other things, face penalties of the greater of \$5,000,000 or three times the profits made or losses avoided by the trader if they recklessly fail to take preventive steps to control insider trading.

Thus, it is important both to you and the Company that insider-trading violations not occur. You should be aware that stock market surveillance techniques are becoming increasingly sophisticated, and the likelihood that U.S. federal or other regulatory authorities will detect and prosecute even small-level insider trading is significant. Insider trading rules are strictly enforced, even in instances when the financial transactions may seem small. You should contact the Vice President, Controller and Principal Accounting Officer or Chief Financial Officer if you are unsure as to whether or not you are free to trade.

The Company has imposed a trading blackout period on members of the Board of Directors, executive officers and certain designated employees who, as a consequence of their position with the Company, are more likely to be exposed to material non-public information about the Company. These directors, executive officers and employees generally may not trade in Company securities during the blackout period.

For more details, and to determine if you are restricted from trading during trading blackout periods, you should review the Company's Insider Trading Compliance Program. You can request a copy of this policy from the Vice President, Controller and Principal Accounting Officer or Chief Financial Officer. You should read the Insider Trading Compliance Program carefully, paying particular attention to the specific policies and the potential criminal and civil liability and/or disciplinary action for insider trading violations. Employees, agents and contractors of the Company who violate this Policy are also be subject to disciplinary action by the Company, which may include termination of employment or of business relationship. All questions regarding the Company's Insider Trading Compliance Program should be directed to the Company's Vice President, Controller and Principal Accounting Officer or Chief Financial Officer.

G. Prohibition On Short Selling of Company Stock

No Company director, officer or other employee, agent or contractor may, directly or indirectly, sell any equity security, including derivatives, of the Company if he or she (1) does not own the security sold, or (2) if he or she owns the security, does not deliver it against such sale (a "short sale against the box") within twenty days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation. No Company director, officer or other employee, agent or contractor may engage in short sales. A short sale, as defined in this policy, means any transaction whereby one may benefit from a decline in the Company's stock price. While employees who are not executive officers or directors are not prohibited by law from engaging in short sales of Company's securities, the Company has adopted its own policy that employees are prohibited from doing so.

H. Use of Company's Assets

(i) **In General.** Protecting the Company's assets is a key fiduciary responsibility of every employee, agent and contractor. Company assets include, but are not limited to Company equipment such as computers, laptops, PDA's (such as a BlackBerry), cell phones, and pagers, Company supplies, and merchandise samples. Care should be taken to ensure that assets are not misappropriated, loaned to others, or sold or donated, without appropriate prior authorization. All Company employees, agents and contractors are responsible for the proper use of Company

assets, and must safeguard such assets against loss, damage, misuse or theft. Employees, agents or contractors who violate any aspect of this policy or who demonstrate poor judgment in the manner in which they use or maintain any Company asset may be subject to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion. Company equipment and assets are to be used for Company business purposes only. Employees, agents and contractors may not use Company assets for personal use, nor may they allow any other person to use Company assets. Employees who have any questions regarding this policy should bring them to the attention of the Company's Human Resources Department.

(ii) **Physical Access Control.** The Company has and will continue to develop procedures governing physical access control to ensure privacy of communications, maintenance of the security of the Company's communication equipment, and safeguarding of Company assets from theft, misuse and destruction. You are personally responsible for complying with the level of access control that has been implemented in the facility where you work on a permanent or temporary basis. You must not impair, defeat or attempt to impair or defeat the purpose for which the access control was implemented.

(iii) **Company Funds.** Every Company employee is personally responsible for all Company funds over which he or she exercises control. Company agents and contractors should not be allowed access to or the exercise of control over Company funds. Company funds must be used only for Company business purposes - Company employees, agents and contractors must not use Company funds for any personal purpose. Every Company employee, agent and contractor must take reasonable steps to ensure that the Company receives good value for Company funds spent, and must maintain accurate and timely records regarding each and every expenditure. Expense reports must be accurate and submitted in a timely manner. Any employee found to have submitted false or fraudulent expense reports (or supporting documentation) is subject to disciplinary action, up to and including termination.

(iv) **Computers and Other Equipment.** The Company strives to furnish employees with the equipment necessary to efficiently and effectively do their jobs. You must care for that equipment and use it responsibly and only for Company business purposes. If you use Company equipment at your home or off site, take precautions to protect it from theft or damage, just as if it were your own. If the Company no longer employs you, you must immediately return all Company equipment. While computers and other electronic devices are made accessible to employees to assist them to perform their jobs and to promote Company's interests, all such computers and electronic devices, whether used entirely or partially on the Company's premises or with the aid of the Company's equipment or resources, must remain fully accessible to the Company (both physically and electronically) and, to the maximum extent permitted by law, will remain the sole and exclusive property of the Company.

Employees, agents and contractors should not maintain any expectation of privacy with respect to information (including but not limited to email, pages and instant messaging) transmitted over, received by, or stored in any electronic communications device owned, leased, or operated in whole or in part by or on behalf of the Company. To the extent permitted by applicable law, the Company retains the right to access any information received by, transmitted by, or stored in any such electronic communications device, by and through its employees, agents, contractors, or

representatives, at any time, either with or without an employee's, contractor's, or third party's knowledge, consent or approval.

(v) **Software.** All software used by employees to conduct Company business must be appropriately licensed. Never make or use illegal or unauthorized copies of any software, whether in the office, at home, or while traveling, because doing so may constitute copyright infringement and may expose you and the Company to potential civil and criminal liability. In addition, use of illegal or unauthorized copies of software, music or videos may subject the you to disciplinary action, up to and including termination. The Company's IT Department will inspect Company owned, leased or computers and other electronic devices periodically to verify that only approved and licensed software has been installed. Any non-licensed/supported software will be removed without advance notice or consent of the user.

(vi) **Electronic Usage.** The purpose of this policy is to make certain that employees utilize electronic communication devices in a legal, ethical, and appropriate manner. This policy addresses the Company's responsibilities and concerns regarding the fair and proper use of all electronic communications devices within the organization, including but not limited to computers, e-mail, connections to the Internet, intranet and extranet and any other public or private networks, voice mail, video conferencing, facsimiles, and telephones. Posting or discussing confidential or proprietary information concerning the Company's products, sales or business on the Internet without the prior written consent of the Company's CEO is prohibited. Any other form of electronic communication that may be used by employees currently or in the future is also intended to be encompassed within this policy. It is not possible to identify every standard and rule applicable to the use of electronic communications devices. Employees are therefore encouraged to use sound judgment whenever using any feature of our communications systems.

I. **Maintaining and Managing Records**

The purpose of this policy is to set forth and convey the Company's business and legal requirements in managing records, including all recorded information regardless of medium or characteristics. Records include paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm or all other media. The Company is required by local, state, federal, foreign and other applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing its records. Civil and criminal penalties for failure to comply with such guidelines can be severe for employees, agents, contractors and the Company, and failure to comply with such guidelines may subject the employee, agent or contractor to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion. For specific information regarding the requirements for retention and maintenance of employee-related personnel and payroll records, you should contact the Vice President of Human Resources. For specific information regarding the requirements for retention and maintenance of financial records, you should contact the Chief Financial Officer. For specific information regarding the requirements for retention and maintenance of all other records, you should contact the Director of IT Security and Compliance.

J. Records on Legal Hold

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. The Company's Chief Financial Officer or the Vice President of Human Resources with the assistance of outside legal counsel determines and identifies what types of Company records or documents are required to be placed under a legal hold. Every Company employee, agent and contractor must comply with this policy. Failure to comply with this policy may subject the employee, agent or contractor to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion.

The Company's Chief Financial Officer or the Vice President of Human Resources will notify you if a legal hold is placed on records for which you are responsible. You then must preserve and protect the necessary records in accordance with instructions from the Company's outside legal counsel. **RECORDS OR SUPPORTING DOCUMENTS THAT HAVE BEEN PLACED UNDER A LEGAL HOLD MUST NOT BE DESTROYED, ALTERED OR MODIFIED UNDER ANY CIRCUMSTANCES.** A legal hold remains effective until it is officially released in writing by the Company's outside legal counsel. If you are unsure whether a document has been placed under a legal hold, you should preserve and protect that document while you check with the Chief Financial Officer or the Vice President of Human Resources, who will consult as necessary with the Company's legal counsel.

If you have any questions about this policy you should contact the Company's Chief Financial Officer or Human Resource Department.

K. Payment Practices

(i) **Accounting Practices.** The Company's responsibilities to its stockholders and the investing public require that all transactions be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Company policy and the law. Additionally, all documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely fashion.

(ii) **Political Contributions.** The Company reserves the right to communicate its position on important issues to elected representatives and other government officials. It is the Company's policy to comply fully with all local, state, federal, foreign and other applicable laws, rules and regulations regarding political contributions. The Company's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior written approval of the Company's Chief Executive Officer or, if required, the Board of Directors.

(iii) **Prohibition of Inducements.** Under no circumstances may employees, agents or contractors offer to pay, make payment, promise to pay, or issue authorization to pay any money, gift, or anything of value to customers, vendors, consultants, etc. that may be

perceived as intended, directly or indirectly, to improperly influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Questions regarding whether a particular payment or gift violates this policy should be directed to the Human Resources Department. Any transfer by payment or gift that exceeds \$200 in value to any single recipient requires the advance written approval of the Vice President of Human Resources.

L. Foreign Corrupt Practices Act

The Company requires full compliance with the Foreign Corrupt Practices Act (“FCPA”) by all of its employees, agents, and contractors.

In general, the anti-bribery and corrupt payment provisions of the FCPA make illegal any corrupt offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any foreign official, or any foreign political party, candidate or official, for the purpose of: influencing any act or failure to act, in the official capacity of that foreign official or party; or inducing the foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business for anyone, or direct business to anyone.

All Company employees, agents and contractors whether located in the United States or abroad, are responsible for FCPA compliance and the procedures to ensure FCPA compliance. All managers and supervisory personnel are expected to monitor continued compliance with the FCPA to ensure compliance with the highest moral, ethical and professional standards of the Company. FCPA compliance includes the Company's policy on Maintaining and Managing Records in Section III.I of this Code of Business Conduct and Ethics.

Laws in most countries outside of the United States also prohibit or restrict government officials or employees of government agencies from receiving payments, entertainment, or gifts for the purpose of winning or keeping business. No contract or agreement may be made with any business in which a government official or employee holds a significant interest, without the prior approval of the Company's Chief Financial Officer.

M. Export Controls

A number of countries maintain controls on the destinations to which products or software may be exported. Some of the strictest export controls are maintained by the United States against countries that the U.S. government considers unfriendly or as supporting international terrorism. The U.S. regulations are complex and apply both to exports from the United States and to exports of products from other countries, when those products contain U.S.-origin components or technology. Software created in the United States is subject to these regulations even if duplicated and packaged abroad. In some circumstances, an oral presentation containing technical data made to foreign nationals in the United States may constitute a controlled export. The Chief Financial Officer with the assistance of outside legal counsel can provide you with guidance on which countries are

prohibited destinations for Company products or whether a proposed technical presentation to foreign nationals may require a U.S. Government license.

IV. RESPONSIBILITIES TO OUR CUSTOMERS AND OUR SUPPLIERS

A. Customer Relationships

If your job puts you in contact with any Company customers or potential customers, it is critical for you to remember that you represent the Company to the people with whom you are dealing. Act in a manner that creates value for our customers and helps to build a relationship based upon trust. The Company and its employees have provided products and services for many years and have built up significant goodwill over that time. This goodwill is one of our most important assets, and the Company employees, agents and contractors must act to preserve and enhance our reputation.

B. Payments or Gifts from Others

Under no circumstances may employees, agents or contractors accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. that may be perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Under no circumstance is an employee to accept personally any products that would otherwise be offered for sale or that are being or have been considered for sale by a vendor.

Employees are required to notify the Vice President of Human Resources about all gifts and entertainment received in any 12 month period if:

- The gifts and entertainment total more than \$50 USD (or equivalent) from a single source
- The gifts and entertainment total more than \$200 USD (or equivalent) from all sources combined

Gifts given by the Company to suppliers or customers or received from suppliers or customers should always be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety or business inducement.

C. Publications of Others

The Company subscribes to many publications that help employees do their jobs better. These include newsletters, reference works, online reference services, magazines, books, and other digital and printed works. Copyright law generally protects these works, and their unauthorized copying and distribution constitute copyright infringement. You must first obtain the consent of the publisher of a publication before copying publications or significant parts of them. If you have

questions about copying or reprinting/reposting a publication, please contact the Human Resources Department.

D. Handling the Confidential Information of Others

The Company has many kinds of business relationships with many different companies and individuals. Sometimes, these companies or individuals will volunteer confidential information about their products or business plans to induce the Company to enter into a business relationship. At other times, the Company may request that a third party provide confidential information to permit the Company to evaluate a potential business relationship with that party. Whatever the situation, we must take special care to handle the confidential information of third parties responsibly. The Company typically handles such confidential information in accordance with the non-disclosure agreements that are entered into with such third parties. See also the Company's policy on Maintaining and Managing Records in Section III.I of this Code of Business Conduct and Ethics.

(i) **Appropriate Nondisclosure Agreements.** Confidential information may take many forms. An oral presentation about another company's product development plans may contain protected trade secrets. A customer list or employee list may be a protected trade secret. A demo of an alpha version of a company's new software may contain information protected by trade secret and copyright laws.

You should never accept information offered by a third party that is presented as being confidential, or which appears from the context or circumstances to be confidential, unless an appropriate nondisclosure agreement has been signed with the party offering the information. **THE CHIEF FINANCIAL OFFICER CAN PROVIDE NONDISCLOSURE AGREEMENTS TO FIT ANY PARTICULAR SITUATION, AND WILL COORDINATE APPROPRIATE EXECUTION OF SUCH AGREEMENTS ON BEHALF OF THE COMPANY.** Even after a nondisclosure agreement is in place, you should accept only the information necessary to accomplish the purpose of receiving it, such as a decision on whether to proceed to negotiate a deal. If more detailed or extensive confidential information is offered and it is not necessary for your immediate purposes, it should be refused.

(ii) **Need-to-Know.** Once a third party's confidential information has been disclosed to the Company, we have an obligation to abide by the terms of the relevant nondisclosure agreement and limit its use to the specific purpose for which it was disclosed and to disseminate it only to other Company employees with a need to know the information. Every employee, agent and contractor involved in a potential business relationship with a third party must understand and strictly observe the restrictions on the use and handling of confidential information. When in doubt, consult the Chief Financial Officer.

(iii) **Notes and Reports.** When reviewing the confidential information of a third party under a nondisclosure agreement, it is natural to take notes or prepare reports summarizing the results of the review and, based partly on those notes or reports, to draw conclusions about the suitability of a business relationship. Notes or reports, however, may include confidential information disclosed by the other party and, as a result, should be retained only long

enough to complete the evaluation of the potential business relationship. Subsequently, they should be either destroyed or turned over to the Finance Department for safekeeping. Any notes or reports prepared by employees, agents or contractors of the Company should be treated consistent with the terms of any applicable non-disclosure agreement and similar to the manner in which any other confidential information is treated: marked as confidential and distributed only to those the Company employees with a need to know.

(iv) **Competitive Information.** You should never attempt to obtain a competitor's confidential information by improper means, and you should never contact a competitor regarding their confidential information. While the Company may, and does, employ former employees of competitors, we recognize and respect the obligations of those employees not to use or disclose the confidential and/or proprietary information of their former employers.

E. Selecting Suppliers

The Company's suppliers make significant contributions to our success. To create an environment where our suppliers have an incentive to work with the Company, they must be confident that they will be treated lawfully and in an ethical manner. The Company's policy is to purchase supplies based on need, quality, service, price and other relevant terms and conditions. The Company's policy is to select significant suppliers or enter into significant supplier agreements through a competitive bid process where possible. Under no circumstances should any Company employee, agent or contractor attempt to coerce suppliers in any way. The confidential information of a supplier is entitled to the same protection as that of any other third party and must not be received before an appropriate nondisclosure agreement has been signed. A supplier's performance should never be discussed with anyone outside the Company. A supplier to the Company is generally free to sell its products or services to any other party, including competitors of the Company. In some cases where the products or services have been designed, fabricated, or developed to our specifications the agreement between the parties may contain restrictions on sales.

F. Government Relations

It is the Company's policy to comply fully with all applicable laws and regulations governing contact and dealings with government employees and public officials, and to adhere to high ethical, moral and legal standards of business conduct. This policy includes strict compliance with all local, state, federal, foreign and other applicable laws, rules and regulations. If you have any questions concerning government relations you should contact the Chief Financial Officer.

G. Lobbying

Employees, agents or contractors whose work requires lobbying communication with any member or employee of a legislative body or with any government official or employee involved in the formulation of legislation must have prior written approval for such communication from the Company's Chief Executive Officer. Activity covered by this policy includes meetings with legislators or members of their staffs or with senior executive branch officials. Preparation, research, and other background activities that are done in support of lobbying communication are also covered by this policy even if the communication ultimately is not made.

H. Government Contracts

It is the Company's policy to comply fully with all applicable laws and regulations that apply to government contracting. It is also necessary to strictly adhere to all terms and conditions of any contract with local, state, federal, foreign or other applicable governments. The Company's Chief Financial Officer will coordinate a legal review and approval of all contracts with any government entity.

I. Free and Fair Competition

Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. The Company is committed to obeying both the letter and spirit of these laws. The consequences of not doing so may be severe.

These laws often regulate the Company's relationships with its distributors, resellers, dealers, and customers. Competition laws generally address the following areas: pricing practices (including price discrimination), discounting, terms of sale, credit terms, promotional allowances, secret rebates, exclusive dealerships or distributorships, product bundling, restrictions on carrying competing products, termination, and many other practices.

Competition laws also govern, usually quite strictly, relationships between the Company and its competitors. As a general rule, contacts with competitors should be limited and should always avoid subjects such as prices or other terms and conditions of sale, customers, and suppliers. Employees, agents or contractors of the Company may not knowingly make false or misleading statements regarding its competitors or the products of its competitors, customers or suppliers. Participating with competitors in a trade association or in a standards creation body is acceptable when the association has been properly established, has a legitimate purpose, and has limited its activities to that purpose.

No employee, agent or contractor of the Company shall at any time or under any circumstances enter into an agreement or understanding, written or oral, express or implied, with any competitor concerning prices, discounts, other terms or conditions of sale, profits or profit margins, costs, allocation of product or geographic markets, allocation of customers, limitations on production, boycotts of customers or suppliers, or bids or the intent to bid, or even discuss or exchange information on these subjects. In some cases, legitimate joint ventures with competitors may permit exceptions to these rules as may bona fide purchases from or sales to competitors on non-competitive products, but the Company's Chief Financial Officer with the assistance of legal counsel, if appropriate, must review all such proposed ventures in advance. These prohibitions are absolute and strict observance is required. Collusion among competitors is illegal, and the consequences of a violation may be severe.

Although the spirit of these laws, known as "antitrust," "consumer protection" or "unfair competition" laws, is straightforward, their application to particular situations oftentimes may be quite complex. To ensure that the Company complies fully with these laws, each employee, agent and contractor of the Company should generally be aware of the principles of free and fair

competition and should involve the Chief Financial Officer as soon as possible when a questionable situation arises.

J. Industrial Espionage

It is the Company's policy to lawfully compete in the marketplace. This commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws in the course of competing. The purpose of this policy is to maintain the Company's reputation as a lawful competitor and to help ensure the integrity of the competitive marketplace. The Company expects its competitors to respect our rights to compete lawfully in the marketplace, and we must respect their rights equally. Company employees, agents and contractors may not steal or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone including suppliers, customers, business partners or competitors.

V. WAIVERS

Any waiver of any provision of this Code of Business Conduct and Ethics for a member of the Company's Board of Directors or an executive officer must be approved in writing by the Company's Board of Directors and promptly disclosed. Any waiver of any provision of this Code of Business Conduct and Ethics with respect to any other employee, agent or contractor, unless otherwise delegated to another officer of the Company, must be approved in writing by the Company's Chief Executive Officer.

VI. DISCIPLINARY ACTIONS

The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our directors, officers, employees, agents, contractors and consultants to adhere to these rules in carrying out their duties for and on behalf of the Company.

The Company will take appropriate disciplinary action against any director, officer, employee, agent, contractor or consultant whose actions are found to violate these policies or any other policies of the Company. Disciplinary action may include immediate termination of employment or business relationship at the Company's sole discretion. The type of disciplinary action to be taken will be determined by the Company's Vice President of Human Resources, or in the case of disciplinary action to be taken against an executive officer, by the Company's Chief Executive Office. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will cooperate fully with the appropriate authorities.

VII. DUTY TO COME FORWARD

As part of its commitment to honest and ethical behavior, the Company requires all Company directors, officers, employees, agents and contractors to report to the Company any actual or apparent violations of law or ethical standards so that any alleged violations may be investigated and dealt with appropriately and as soon as possible. This obligation extends to any situation where you suspect, but are uncertain whether, a violation may be occurring. Failure to comply with the duty to come forward and report suspected violations is itself a violation of this Code of Business Conduct and Ethics and can result in disciplinary action, including immediate termination of employment or business relationship.

The Company imposes this requirement on persons who are not directly violating the Company's ethical and legal standards because, anytime someone fails to adhere to the Company's ethical and legal obligations, the Company can be profoundly and adversely affected. Penalties and other repercussions from unlawful behavior can be devastating for our Company and the individuals involved. No one within the Company can condone such activities and, therefore, anyone aware of a violation owes a duty to the Company and himself or herself to disclose it. In addition, management is committed to addressing any concerns promptly and wants to foster an environment of openness with its directors, officers, employees, agents and contractors about ethical and legal issues. Thus, the Company encourages all of its directors, officers, employees, agents and contractors to report wrongdoing and to ask questions if they have any concerns about compliance with the law or this Code of Business Conduct and Ethics.

A. Knowing What Issues to Raise and When. Bring to management's attention any instance in which you are aware of any conduct that violates the law or the standards described in this Code of Business Conduct and Ethics. Also, raise with management any concern you may have about whether proper procedures are being followed, even though you may not be 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 Company directors, officers and employees to comply with legal standards applicable to the Company. Raise questions promptly so that any issues can be addressed promptly.

B. Procedures for Raising Issues. Normally you should raise issues with your immediate supervisor, if applicable. You may also satisfy your obligation to raise issues by communicating with:

- your Human Resources representative, if applicable;
- any executive officer of the Company; or
- any other person designated for this purpose by the Company; or
- the Cost Plus World Market Hotline (1-800-824-7103)

C. Promise of Non-Retaliation. A Company director, officer or employee will not suffer retaliation by the Company as a consequence of making a good faith report to the Company

any actual or apparent violations of law or ethical standards or otherwise acting in compliance with this Code of Business Conduct and Ethics. Although making such a good faith report will not immunize you from the consequences of any unlawful or unethical conduct on your part, the action of making such a report will be protected. You should always bear in mind that the failure to bring to the attention of management any actual or suspected violations of which one is aware is a violation of Company policy and could result in disciplinary action, including immediate termination of employment or business relationship.

D. Investigation of Complaints. Every inquiry and complaint made will be taken seriously. The Company will fully investigate each complaint and inquiry on the merits and objectively, and the person making the inquiry or complaint will be provided general information about its resolution.

VIII. ACKNOWLEDGMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS

I have received and read the Company's Code of Business Conduct and Ethics. I understand the standards and policies contained in the Company's Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job.

I further agree to comply with the Company's Code of Business Conduct and Ethics for as long as I work for the Company. When I joined the Company, I agreed to protect and hold confidential the Company's proprietary information and trade secrets. I understand this agreement remains in effect for as long as I work for the Company and after I leave the Company.

If I have questions concerning the meaning or application of the Company Code of Business Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, I know that I can and should consult my manager or the Human Resources Department, and know further that my questions or reports to these persons/departments will be maintained in confidence to the extent possible under the circumstances.

Employee Name

Signature

Date

Please sign and return this form to the Human Resources Department.