

CLEARDAY, INC.
CODE OF BUSINESS CONDUCT AND ETHICS

In the wake of several large corporate scandals and bankruptcies, the SEC and other governing bodies have implemented additional controls and procedures for publicly reporting companies. We have always prided ourselves on maintaining the highest ethical standards, and we have always had certain policies essential to maintaining our high standards. We believe that our directors, officers and employees are aware of our commitment to ethics, and that they have worked and will work hard to meet it. However, to formalize our commitment to certain critical policies cited by the SEC, our Board of Directors has adopted this Code of Business Conduct and Ethics. **This Code of Business Conduct and Ethics does not summarize all of our policies.** Our employees must also comply with our other policies set out in our Employee Handbook and elsewhere.

1. **COMPLYING WITH LAWS.** We should respect and comply with all applicable laws, rules and regulations in the conduct of our business. This includes the laws, rules and regulations of the U.S. and each foreign country, state, county, city and other jurisdiction in which we conduct business. This is true even if a supervisor or anyone in management has directed otherwise. **If you are ever unsure about the legal course of action, please immediately request assistance from your supervisor, our Chief Executive Officer, or our Chief Financial Officer.**

The laws with which we comply include “insider trading laws” relating to transactions in our stock. Some of our specific responsibilities are set out in our Statement of Company Policy on Insider Trading and Public Disclosure of Information. Generally, we are not permitted to buy, sell or otherwise trade in our securities without specific permission from our SEC compliance officer, and then only during specified “window” periods in the case of directors and senior executives. **Please carefully read our policies and procedures regarding insider trading in full and contact our Chief Financial Officer if you have questions about it.**

2. **CONFIDENTIALITY.** We must maintain the confidentiality of all sensitive information entrusted to us, including all non-public information whose disclosure might be of use to our competitors, or harmful to us or our customers. Some of our specific responsibilities are set out in our Confidentiality and Non-Solicitation policy contained in our Employee Handbook. **Please carefully read our policies regarding Confidentiality and Non-Solicitation included in our Employee Handbook, and our Agreement Regarding Confidential and Proprietary Information and Trade Secrets in full and contact our Chief Financial Officer if you have questions about it.**
3. **CORRUPT PRACTICES.** In accordance with the U.S. Foreign Corrupt Practices Act and our policies, **we are strictly prohibited from giving anything of value, directly or indirectly, to foreign government officials or foreign political candidates in order to obtain or retain business.** In addition, we are strictly prohibited from giving U.S. government officials business gratuities or gifts. The U.S. government can and has imposed criminal sanctions on individuals and entities that have improperly given gifts to U.S. government personnel, and the promise, offer or delivery to an official or employee of the U.S. government of a gift or other gratuity would not only violate our policies, but might also be a criminal offense. **Please contact our Chief Financial officer if you believe improper gifts have been, are being, or will be made by our employees or directors.**
4. **FAIR DEALING.** We seek to outperform our competition fairly and honestly and seek

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competitive advantages through superior performance. **We do not use unethical or illegal business practices to compete.** Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. We endeavor to deal fairly with our customers, suppliers, competitors, officers and employees. We should never take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

5. **PUBLIC COMPANY REPORTING.** As a public company, our filings with the SEC must be accurate and timely. Whether or not you are directly involved in that process, you have several responsibilities:

- Depending upon your position, you may be called upon to provide information to assure that our public reports are complete, fair and understandable. We expect you to take this responsibility very seriously and to provide prompt accurate answers to inquiries related to our public disclosure requirements.
- Our books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect our transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation. Additionally, records should always be retained or destroyed consistent with our past record retention practices.
- Our public reports should fairly and accurately reflect what is happening at our Company. If you believe they do not, you have a responsibility to bring your concerns to the attention of senior management or the board.

Because of the importance of this issue, the Audit Committee of our Board of Directors has adopted the following provision to its charter, which is binding on everyone at Clearday:

"Every employee of or consultant to the Company who has, or who hears expressed by another person, any concerns about the manner in which the Company's financial statements or public reports are prepared, the sufficiency of its internal financial controls, the honesty or competence of its financial management or independent auditors or any other matter within the purview of the Audit Committee is directed and strongly encouraged to report the matter promptly to any member of the Audit Committee. The Audit Committee will attempt to keep the name of the person reporting the potential issue confidential to the extent requested by that person and not inconsistent with the best interests of the Company. The Audit Committee will not tolerate retaliation against any person who reports potential issues to the Audit Committee in good faith."

Accordingly, if you have concerns regarding any accounting or auditing matters, you may (but are not required to) consult with your supervisor or any of our executive officers if you are comfortable doing so. But, unless the issues are fully resolved to your satisfaction, or if you are not comfortable discussing the matter with our management,

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you are required to submit your concerns or complaints (anonymously, confidentially or otherwise) to the Audit Committee of our Board of Directors. This is true even if your supervisor or anyone in management has directed you not to do so. You may direct your concerns to any member of the Audit Committee at a special, confidential telephone number contained in your employee handbook or to our outside legal counsel. The telephone numbers for the members of our Audit Committee and our outside legal counsel are listed in our directory. If you ask, we will keep your name confidential unless this would violate applicable law or our responsibilities to others.

6. **CONFLICTS OF INTEREST.** You should avoid conflicts of interest with the Company except under guidelines approved by our Board of Directors or a committee of our Board. Please refer to our policies and procedures regarding conflicts of interest and **if you become aware of a conflict of interest on the part of anyone at Clearday, you must report it to your supervisor or directly to Chief Financial Officer or the Audit Committee of our Board of Directors.**

A "conflict of interest" exists whenever your private interests interfere or conflict in any way (or even appear to interfere or conflict) with our interests. A conflict of interest can arise when you take actions or have interests that may make it difficult to perform your work for us objectively and effectively. Conflicts of interest may also arise when you, or members of your family, receives improper personal benefits as a result of your position with us, regardless of from where those benefits are received.

Specifically, it is a conflict of interest for you or a member of your immediate family to work simultaneously for one of our competitors, customers or suppliers, even as a consultant or board member, to receive any form of compensation (including loans or "gifts") from any person with whom we are doing business or to own an undisclosed interest in any supplier to us (other than an interest of less than 1% in a public company). **If you or a member of your immediate family receives any payments from Clearday or any person or entity connected or doing business with Clearday, it must be disclosed and approved by Clearday.** (This, ofcourse, does not include salary and bonus payments made through our payroll, stock option grants under our employee stock option plans, or normal business expense reimbursements.)

Similarly, you owe us a duty to advance our legitimate interests when the opportunity to do so arises. You are prohibited from (a) taking for yourself personally opportunities that properly belong to Clearday or are discovered through the use of our property, information or your position with us; (b) using corporate property, information or position for personal gain; or (c) competing with us.

Ordinarily, the best policy will be to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf. However, regardless of how "natural" or "innocent" a conflict may seem, you must report it and can proceed only if the relationship is approved in writing by our Chief Financial Officer and the then current Chairman of our Audit Committee. **If you have any questions about whether a situation is a conflict of interest, you should raise the issue with your supervisor or directly with our Chief Financial Officer or the then current Chairman of our Audit Committee.**

7. **REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR.** The Company can be held criminally liable if one of its employees, directors or agents commits certain crimes. Accordingly, you must promptly report any knowledge or information about employment-related

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conduct by another employee, director or agent of the Company that you reasonably believe to be a crime, a material violation of law or regulation, a dishonest act (including misappropriation of funds or anything of value from the Company or the improper recording of the Company's assets or liabilities), a breach of trust or any other conduct that might affect the reputation of the Company. You must report the relevant facts promptly to your supervisor. If the situation cannot be resolved, or if you feel uncomfortable using internal resources for reporting your concerns, you must report the matter to the Employee Hotline.

8. **SPECIAL REQUIREMENTS FOR OFFICERS AND DIRECTORS.** Any consent or waiver with respect to this Code which involves an Officer or Director of the Company must be approved by a majority of disinterested directors on our Board of Directors or the Audit Committee of our Board of Directors.
9. **NO RETALIATION.** We will not tolerate retaliation of any kind against any person who in good faith reports to us potential issues relating to violations of law or this Code.

This Code may only be amended, modified or waived by our Board of Directors or its authorized committee, subject to the disclosure and other provisions of the Securities Exchange Act of 1934 and the applicable rules of the NASDAQ.

If you are ever unsure about whether some action would be consistent with this Code of Business Conduct and Ethics, you should ask us. Similarly, any time you encounter a situation and you are unsure what to do, you agree to tell us and ask for help.