

Message to Employees

Throughout our history, and as evidenced by our Value Statement and our longstanding relationship as a supplier of an anti-counterfeiting system to a consortium of the world's leading central banks, honesty and integrity are key values of our Company and its employees. Our reputation for honesty and integrity with shareholders, business partners, customers, and regulators is a critically important Company asset. The Company's good relationships with customers, suppliers, and employees depend on the maintenance of this reputation.

A reputation for honesty and integrity is not easily attained. It is built over a long period of time, but can be lost in an instant. It requires the constant commitment of every employee to conduct himself or herself in a way that reinforces, rather than detracts from, that reputation.

Since the founding of our predecessor Company in 1995, Digimarc has built its reputation for honesty and integrity, based on a strong commitment to the highest standards of legal and ethical conduct. This booklet is intended to help you understand and comply with those standards, which we refer to as our "Code of Business Conduct". Please read it carefully and keep it handy for future reference.

The Code of Business Conduct is expressed in various Company policies and directives, the most important of which are referenced in this booklet. Printed copies of any of the policies and directives are available from your Human Resources Manager or any Digimarc attorney. Remember also that each operating group of the Company may have supplemental policies applicable to its businesses. Ask your supervisor for information concerning any such policies applicable to your work responsibilities.

As we go forward, we are counting on you to uphold the high standards of honesty and integrity that we have set for ourselves, and continuously strive to keep Digimarc a Company in which we are justifiably proud, now and always. Thank you.

Bruce Davis
Chairman and Chief Executive Officer
Digimarc Corporation

CODE OF BUSINESS CONDUCT FOR ALL EMPLOYEES OF DIGIMARC CORPORATION

The Board of Directors' primary responsibility is to provide effective governance over the affairs of Digimarc Corporation ("Digimarc", "Corporation" or "Company"). In furtherance of this responsibility, the Board has adopted the following Code of Business Conduct (the "Code") for all employees of Digimarc. This Code and its policies apply worldwide to all operations and employees of the Company. The "Company" includes Digimarc Corporation and its domestic and foreign subsidiaries; "employee" includes every officer, director and employee of the Company and their immediate family members. "Immediate family members" include a spouse (or life partner) and the children of an employee, and any relative (by blood or marriage) of the employee or spouse (or life partner) residing within the same household as the employee.

I. INTRODUCTION

This Code contains the specific corporate policies adopted by the Board of Directors that relate to the legal and ethical standards of conduct of Digimarc employees. This Code provides the framework for the conduct of employees of Digimarc. It is the Company's policy to observe and comply with all laws, rules, and regulations applicable to it or the conduct of its business wherever located.

Compliance is everyone's responsibility. It is the personal responsibility of each employee and of the Company to adhere to the standards and restrictions, whether imposed by law or this Code, applicable to his or her assigned duties and responsibilities, and to conduct himself or herself accordingly. Such standards and restrictions require each employee to avoid any activities that would involve the Company in any practice that is not in compliance with this Code. Any employee who does not adhere to such standards and restrictions is acting outside the scope of his or her employment.

II. MISSION

Digimarc aspires to the highest standards of legal and ethical conduct. This includes maintaining compliance with all laws, rules and regulations that govern the Corporation's businesses. Beyond legal compliance, all Digimarc employees are expected to observe high standards of business and personal ethics in the discharge of their assigned duties and responsibilities. This requires the practice of honesty and integrity in every aspect of dealing with other Company employees, the public, the business community, stockholders, customers, suppliers, and governmental and regulatory authorities. No employee should be misguided by any sense of loyalty to the Company or a desire for profitability that might cause him or her to disobey any applicable law or Company policy.

III. PURPOSE

In its continuing efforts to increase investor confidence in public companies and to improve the standards of corporate responsibility and corporate governance, the Securities and Exchange Commission (the "SEC") has issued rules relating to codes of ethics and standards of conduct. The law requires companies to disclose whether or not they have adopted such codes,

and if not, why not. The purpose of this Code is to create a series of written standards that are reasonably designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional interests and relationships;
- Avoidance of self-dealing, related party transactions, taking of a corporate opportunity, or other wrongful acts;
- Disclosure to an appropriate person identified by the Code of any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest;
- Preparation of full, fair, accurate, timely, complete and understandable disclosures in reports and documents that the Company files with, or submits to, the SEC, and other public communications made by the Company;
- Compliance with applicable laws, rules, regulations, or other legal authorities;
- Prompt internal reporting to an appropriate person or persons, identified by the Code, of violations of the Code's provisions; and
- Accountability for adherence to the Code.

Digimarc has adopted contemporaneous with the adoption of this Code a Code of Ethics for Financial Personnel and a Code of Professional Conduct for Legal Personnel. Those Codes supplement the provisions of this Code for all individual subject to those Codes.

IV. LEGAL AND ETHICAL CONDUCT

This Code restates and reaffirms a long-standing Company policy that establishes high standards of legal and ethical conduct for the Company and its employees. Regulations, laws, and practices affecting the operations of the Company continue to grow in number and complexity. Increased efforts are required to ensure that this policy of uniform observance of all laws governing the Company's operations is followed.

Policy. It is the policy of the Company to comply fully with all laws governing its operations and to conduct its affairs according to the highest legal and ethical standards. Compliance with this policy means not only observing the law, but also conducting Company business in a manner that the Company will deserve and receive recognition as an ethical and law-abiding enterprise, alert to all the responsibilities of good corporate citizenship. It should be understood that the spirit of this policy requires that the Company maintain a high degree of integrity in all of its interactions with shareholders, employees, agents, customers, suppliers, local communities, government at all levels and the general public.

Compliance Responsibility. It is the responsibility of each employee to comply with this Code. The unqualified recognition on the part of all employees of their duty to adhere to, and in the case of managers of their duty to ensure compliance with, this Code is the keystone of the Company's compliance program. In furtherance of this policy, the Company will develop and maintain communication and training programs designed to provide its employees with an understanding of the Company's expectations with respect to this policy. Such programs are part of the Company's broader efforts to develop and maintain an internal environment, which fosters fair treatment of employees and open communication among them.

Responsibilities of Every Employee. The following responsibilities apply to every employee:

1. Every employee should avoid any involvement in acts known to be illegal, unethical or otherwise improper.
2. Every employee should have a practical, working knowledge of the laws and regulations affecting his or her responsibilities.
3. Every employee should seek guidance from his or her supervisor or a Company attorney when in doubt about his or her responsibilities under this policy.
4. Every employee should bring possible violations of this policy to the attention of (a) his or her supervisor or another Company executive or (b) a Company attorney. This requirement of notification continues up the operating and functional management reporting lines to the appropriate level where remedial action is authorized to be taken.

Responsibilities of Every Manager. The following responsibilities apply to every manager:

1. Every Company manager should take reasonable steps to ensure that there is in place a continuing program of communication and training designed (a) to familiarize every employee subject to his or her supervision with this policy and with employee responsibilities under this policy, (b) to stress to every employee subject to his or her supervision the Company's commitment to this policy, and (c) to provide appropriate education regarding applicable laws, regulations, government orders and ethical standards to every employee subject to his or her supervision, with special attention to those who might be in a position to involve the Company in prohibited activities.
2. Every Company manager should maintain a workplace environment that encourages frank and open communication regarding possible violations of this policy.
3. Every Company manager should provide, in the ordinary course of business, for periodic reviews designed to assure adherence to this policy. If a possible violation of this policy is discovered during such a review, the matter should be reported immediately to appropriate supervisory authority and to a Company attorney.
4. Every Company manager should take action to provide reasonable assurance that all employees subject to his or her supervision comply with this policy.

Responsibilities of Staff Functions. The following responsibilities apply to every staff function:

1. Each staff function, under the general direction of the applicable Company department head, should be provided guidance to assist in defining high standards of professional integrity and conduct in its function, as call for by this policy.
2. Each staff function, under the general direction of the applicable Company department head, should be assisted by the Company's managers, as requested, in ensuring compliance with this policy by conducting training programs, undertaking general reviews, and taking other appropriate actions within its particular functional specialty.
3. Company attorneys are responsible for review and interpretation of applicable laws, regulations and government orders, and should be called upon for guidance and counsel if questions arise regarding this policy.

4. Company department heads and managers are responsible for establishing procedures designed to ensure compliance with all applicable laws, regulations and government orders.
5. Company attorneys, under the explicit direction of the Chief Legal Officer, are responsible for conducting, at the request of management or on their own initiative, such audits and investigations as may be necessary under this policy.
6. The Chief Legal Officer is responsible for making periodic reports to the Chief Executive Officer and the Board of Directors with respect to the status of Company wide compliance with this policy.

V. CORPORATE RECORDS, REPORTS AND DOCUMENTS

The Company relies on its business records for making business decisions, for making representations to the government, investors, and the media concerning the Company, and for asserting its legal rights. It is critical that these records be accurate and complete and that they be maintained and disposed of in accordance with applicable professional standards and Company data and record retention policies. Records covered by this policy include, but are not limited to, expense reports, time cards, test data, inventory records, accounts payable & receivable, expense allocations, and project reports. It is your responsibility to see that any Company records generated by you satisfy this high standard and any records in your custody or control are maintained strictly in accordance with published Company document retention policies. For additional information, see the Employee Handbook and the Code of Ethics for Financial Personnel. In addition, the Company prohibits its employees from destroying, altering, or falsifying Company records when such acts are intended to impede or obstruct the investigation of any governmental or regulatory entity.

It is of critical importance that the Company's public filings, communications and disclosures be full, fair, accurate, timely and understandable. Each employee is responsible for ensuring full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in other public communications made by the Company.

VI. WORK ENVIRONMENT; HEALTH AND SAFETY

Digimarc employs, trains, compensates, and promotes its employees without regard to, and expressly prohibits discrimination on the basis of an applicant's or employee's race, color, religion, sex, age, handicap, veteran status, marital status, sexual orientation, national origin, or citizenship (unless expressly required by applicable law). This equal employment opportunity policy applies to all Company operations, including foreign operations, to the extent not inconsistent with applicable local laws. It is further the policy of the Company not to discriminate against stockholders, directors, officers, customers, or suppliers on any prohibited basis. All of such persons shall be treated with dignity and respect.

All Digimarc employees are entitled to work in an environment free from sexual harassment. Sexual harassment is a form of illegal discrimination that will not be tolerated. It includes not only unwelcome sexual advances or requests for sexual favors, but also sexually oriented comments or conduct which unreasonably interferes with another employee's work

performance or creates a hostile or offensive working environment. It can also include published materials, internet materials, wall hangings, and inappropriate items. For additional information, see the Employee Handbook provisions involving sexual harassment.

All Digimarc employees are prohibited from reporting to work or working in an impaired state as a result of using drugs or alcohol and any other lawful or unlawful substances. You are prohibited from manufacturing, distributing, dispensing, possessing or using illegal substances at any work site. For additional information, see the Employee Handbook provisions involving Substance Abuse.

Digimarc is committed to operating its businesses in a manner that protects and provides its employees with a safe and healthy work environment, and that complies with all applicable environmental laws and regulations. Digimarc has instituted a Safety Committee to help ensure such an environment. It is each employee's responsibility to understand the potential environmental and safety impact of his or her job; each manager's responsibility to monitor environmental and safety concerns at his or her facility; and each business unit's responsibility to seek to eliminate or limit the use of hazardous materials and eliminate unsafe and unhealthy conditions. Moreover, it is each employee's responsibility not to engage in behavior that may be considered unsafe or dangerous to the employee or others, and to report acts or conditions that may be unsafe or unhealthy. For additional information, see the Employee Handbook and publications issued by the Safety Committee.

VII. RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

As a general rule, gifts, entertainment, and other courtesies may be offered and accepted only where appropriate and reasonable. They may not be offered or accepted where prohibited by law, regulations, or our customer's or supplier's policies, or where actual impropriety or the appearance of impropriety may occur. There are special rules relating to prohibited and permitted activities involving government and bank employees. If your job responsibilities include contact with customers or suppliers, you should obtain and read carefully the policy statement and Company directive referenced below.

For additional information, see the applicable manuals covering Contracting With the United States Government, Contracting With a State or Foreign Government, guidelines implementing Company policy on Entertainment, Gratuities and Other Courtesies, and the policies with respect to Commercial Bribery and the Foreign Corrupt Practices Act.

Commercial Bribery. The Company prohibits payment to or receipt from any suppliers or customers of commercial bribes, kickbacks, and other similar payoffs and benefits. Company employees are prohibited from receiving, directly or indirectly, anything of a significant value (other than salary, commissions, bonuses, or other ordinary compensation from the Company) in connection with a transaction entered into by the Company. Receipt of items or property of significant value shall be reported to the Chief Legal Officer, who will make a determination under Company policies when such items may be retained and when they must go to the Company.

The types of bribery of suppliers or customers prohibited by the Code include any payment for the benefit of any representative of the supplier or customer. Situations that can lead to concerns in this area include: gifts of other than nominal value; cash payments by employees or third persons (such as agents or consultants) who are reimbursed by the Company; the uncompensated use of Company services, facilities, or property, except as may be authorized by the Company; and loans, loan guarantees, or other extensions of credit.

Ordinary Business Activities. This policy does not prohibit receipt of gifts, entertainment or other courtesies of a de minimus amount, nor does it prohibit expenditures of reasonable amounts for meals and entertainment of suppliers and customers that are an ordinary and customary business expense, if they are otherwise lawful. Expenditures of this type should be included on expense reports and approved under standard Company procedures.

VIII. RELATIONSHIPS WITH GOVERNMENTS; POLITICAL ACTIVITIES

It is Digimarc's policy to compete fairly and ethically for the sale of goods and services to all government entities. Each affected employee must comply with all laws, rules and regulations governing the acquisition of goods and services by the applicable governmental entity and conduct his or her activities in a manner that is consistent with applicable ethical standards. If your job responsibilities include business transactions with a governmental entity, you should obtain and carefully read the policy statement and Company directives regarding all *Relationships with Governments*, *Contracting with the U.S. Government*, and the policies with respect to Commercial Bribery and the Foreign Corrupt Practices Act.

Political Contributions. Employees are not to use, directly or indirectly, any Company funds or other assets (including facilities) for political contributions to any organization or to any candidate for public office at the national, state or local level without the approval of Digimarc's General Counsel. However, you are not restricted from participating in political campaigns on your own time or with your own funds. For additional information, see the applicable manual covering Use of Company Funds for Political Contributions.

Government Inquiries and Investigations. The Company encourages cooperation with governmental authorities in the proper performance of their duties, including the conduct of investigations. In order that all such matters that are not merely routine communication and coordination are properly managed and handled in an orderly manner, all government investigations and related requests for information or access to Company records should be referred to the Legal Department.

Sensitive Transactions. The Company prohibits its employees from entering into sensitive transactions involving any state, federal or foreign government, or any official, employee, or agent thereof. If such a transaction occurs, the Company and its officers, directors, and employees directly involved may be subject to fines, imprisonment, and civil litigation.

The term "sensitive transactions" is commonly used to describe a broad range of business dealings generally considered to be illegal, unethical, immoral, or to reflect adversely on the integrity of the Company. These transactions are usually in the nature of kickbacks, gifts of significant value, bribes, or payoffs made to favorably influence some decision affecting the

Company's business or for the personal gain of an individual. These transactions may result in the violation of various laws, including the Foreign Corrupt Practices Act of 1977 (the "FCPA"), discussed more fully below.

The Foreign Corrupt Practices Act. The Company prohibits any employee from making any payment or engaging in any transaction that is prohibited by the FCPA. The Company and the FCPA prohibit the Company and its officers, and employees from corruptly offering or giving anything of value, directly or indirectly, to prohibited recipients, who include: (1) an official (including any person acting in an official capacity) for a government outside the United States, a public international organization, or any department or agency of such government or organization; (2) a political party official or political party outside the United States; or (3) a candidate for political office outside the United States, for an improper purpose. An improper purpose can include an attempt to influence any act or decision of these officials in their official capacities or in violation of their lawful duties or to secure any improper advantage in order to help the Company obtain or retain business or direct business to any person. Employees of government-owned companies are considered to be government officials.

This policy does not prohibit properly made and recorded facilitating payments. Sometimes the Company may be required to make facilitating or expediting payments to a low level government official or employee in some countries other than the United States to expedite or secure the performance of routine governmental action by the government official or employee. Such facilitating payments may not be illegal under the FCPA or other applicable laws. Nevertheless, it may be difficult to distinguish a legal facilitating payment from an illegal bribe, kickback, or payoff. Accordingly, facilitating payments must be strictly controlled and every effort must be made to eliminate or minimize such payments. Facilitating payments, if required, will be made only in accordance with the advance guidance of the Legal Department. All facilitating payments must be recorded accurately as facilitating payments in the accounting records of the Company.

For additional information, see the applicable manual covering Contracting with the United States or a State or Foreign Government relating to government investigations

IX. RELATIONSHIPS WITH COMPETITORS; ANTITRUST POLICY

It is the Company's policy to fully and fairly compete in the market, to be aggressive and fair, and to comply with antitrust laws both in letter and spirit. Federal antitrust laws prohibit agreements or actions that might eliminate or discourage competition, develop a monopoly, abuse a dominant market position, artificially maintain prices, or hamper or distort commerce in other ways. The Company is dedicated to compliance with the purpose of the antitrust laws and to preserving the competitive free enterprise system.

The Company encourages the attainment of profits by all lawful and proper means in order to benefit its shareholders, create jobs, develop new products, and create new opportunities. While employees must be vigorous in their productive efforts, those efforts must be conducted in accordance with the law. The Company prohibits all business activities and conduct that violate antitrust laws applicable to the Company's business. No Company employee may enter into any understanding, agreement, plan, or scheme, express or implied, formal or informal, with any

competitor with regard to prices, terms, or conditions of sales or service, production, distribution, territories, or customers. Company employees may not exchange or discuss with a competitor prices, terms, or conditions of sales or service, or any other competitive information.

The Company's Legal Department is available to assist with antitrust issues. All questions relating to antitrust laws must be referred to the Legal Department. Any employee who has responsibility for business conduct that might be subject to antitrust laws must adhere to the advice of the Legal Department. No employee is authorized to approve any action that violates the Company's antitrust policy. For additional information, see the Policy Statement on Antitrust Compliance.

X. FRAUD, THEFT AND MISAPPROPRIATION

The Company prohibits all forms of fraud, theft and misappropriation. Theft and misappropriation involve the wrongful taking of property that belongs to the Company or is within the control of the Company for the benefit of others. As used in this Code, fraud, theft and misappropriation includes, but is not limited to, the following: (1) dishonest or fraudulent acts; (2) defalcation; (3) embezzlement; (4) forgery or alteration of negotiable instruments such as Company checks and drafts; (5) misappropriation of Company, employee, customer, partner, or supplier assets, including any violations of the Company's Corporate Opportunity Policy; (6) conversion to personal use of cash, securities, supplies, or any other Company asset; (7) unauthorized handling or reporting of Company transactions; and (8) falsification of Company records or financial statements for personal or other reasons.

The responsibility for detecting fraud, theft and misappropriation in the Company is that of management. The Chief Financial Officer bears the primary responsibility, but every employee has an obligation to act responsibly and report improper activity. Situations involving suspected fraud, theft and misappropriation shall be reported to the Chief Financial Officer or the Chief Legal Officer. All fraud investigations will be conducted under the authorization and direction of the Legal Department or outside counsel.

XI. CONFLICTS OF INTEREST

The Company recognizes and respects that employees may take part in legitimate financial, business, and other activities outside of their positions with the Company. However, conflicts between the interests of Company employees and the Company are prohibited. A conflict of interest exists when a person engages in an activity that could prevent the person from fully and impartially discharging his or her duties and responsibilities to the Company. While a complete definition of what constitutes a conflict of interest is difficult, there are some situations that will always be considered a prohibited conflict of interest, and others that simply raise the possibility of a conflict. Examples and additional information is provided in the Policy Statement on Conflicts of Interest.

It is your responsibility to avoid any conflict between your personal interests and the interests of Digimarc. Outside jobs, investments or other activities that may lessen the impartiality of your judgment or interfere with your effectiveness or productivity must be avoided. Company employees must disclose their outside activities, financial interests, and

relationships that may present a possible conflict of interest or the appearance of a conflict of interest. These persons must obtain approval from the Chief Executive Officer and the Chief Legal Officer (or their designees) before accepting any position as an officer or director of an outside business concern. Company employees shall not render services to, represent, or undertake to act for any outside or competing concern, whether for compensation or not, unless the Chief Executive Officer and Chief Legal Officer (or their designees) determines that such relations with the outside or competing concern do not conflict with the interests of the Company and that there is no reasonable likelihood that the relations will influence the person's judgment or actions in performing duties to the Company.

XII. RELATED PARTY TRANSACTIONS

The appearance of a conflict of interest exists when a Company employee, officer or director maintains a business relationship with a related party in which one party has the ability to exercise influence over business decisions that might unfairly provide an advantage to the related party or the employee. Examples of such activities could include where Digimarc is asked to enter into a contract or business relationship with another entity in which a Digimarc officer, director or employee also holds an ownership interest. In order to avoid the appearance of impropriety, the Company prohibits its employees from transacting business with related parties unless such transactions have been approved by the Chief Executive Officer and Chief Legal Officer (or their designees), or in appropriate circumstances, the Governance and Nominating Committee of the Board of Directors. Examples and additional information is provided in the Policy Statement on Related Party Transactions.

XIII. RELEASE OF COMPANY INFORMATION

In order to ensure that financial, securities, legal, customer, strategic and related sensitive Company information released to shareholders, employees, customers, suppliers and communities is consistent and accurate, such releases are to be made only by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and authorized members of the Finance Department, in coordination with the Chief Legal Officer. Unless you are an authorized employee of one of those departments, expressly authorized by the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer to release such information, do not disclose Company information to persons outside the Company. Examples and additional information is provided in the Policy Statements on Public Disclosure of Company Information and Dealing With Inside Information.

XIV. CONFIDENTIAL AND OTHER NON-PUBLIC INFORMATION

Company employees often learn confidential or proprietary information about the Company or its customers. The Company prohibits its employees from disclosing confidential or proprietary information outside the Company, either during or after employment, without Company authorization to do so. Such disclosure could be harmful to the Company or a customer or helpful to a competitor.

The Company also works with the proprietary data of customers, suppliers, and joint venture partners, and has agreements with governmental entities that require secrecy and

nondisclosure. This is an important trust and must be discharged with the greatest care for the Company to merit the continued confidence of its customers, suppliers, and joint venture partners. No employee shall disclose confidential or proprietary information to non-employees without Company authorization, nor shall any employee disclose such information to other employees except on a need-to-know basis.

Use and Disclosure of Inside Information; Stock Trading Restrictions. The laws of the United States and many other countries regulate the use and disclosure of inside information concerning the Company. Information is "inside information" if it has not been publicly disclosed. The purpose of such laws is to protect the interests of shareholders by providing them with prompt and complete information about significant corporate developments that might affect the value of their investments and to assure that insiders do not profit from information not available to the investing public. The Company has policies (based in part on such laws) concerning the use and disclosure of inside information.

The Company prohibits disclosure of material inside information to anyone other than persons within the Company whose positions require them to know such information. The Company also prohibits trading in the securities of the Company by any employee while in the possession of material inside information. If an employee has inside information, he or she must wait until the third business day after the information has been properly disclosed to the public before trading in the securities of the Company. The Company also prohibits providing inside information to other persons or recommending that they buy or sell the Company's securities on the basis of inside information. More restrictive rules apply to certain key employees, officers, and directors.

An employee shall not trade in the securities of another company if, in the course of his or her employment with the Company, he or she learns confidential information about such other company that is likely to affect the price of such securities. Company employees are discouraged from short-term speculation in the securities of the Company. The Company encourages its directors and employees to invest in Company securities, but investing means buying to share in the growth of the Company; it does not mean short-term speculation based on fluctuations in the market.

Each Company employee must read and adhere to the Company's SEC Compliance Policy. For additional information, see the Policy Statements on Public Disclosure of Company Information, Stock Trading Policies and Dealing With Inside Information.

XV. COMPLIANCE WITH OTHER APPLICABLE LAWS

There are numerous other federal, state, local and international laws and regulations that affect specific activities of the Company. Examples of these would be laws relating to the environment, export control, labor relations, and securities. Questions regarding these subjects or any other laws or regulations should be directed to the Legal Department.

XVI. YOUR ROLE

You have a personal responsibility to observe both the letter and the spirit of this Code. Please keep this booklet handy as a ready reference to your obligations. If at any time you are uncertain what the standards of conduct require of you in a particular situation, seek guidance from your supervisor, a Company attorney, or call the Digimarc Hot Line (see applicable telephone numbers below).

Your responsibility includes reporting observed or suspected violations of ethics and this Code to your supervisor, the Chief Executive Officer, the Chief Legal Officer, or a company attorney. If you do not wish to report the matter to your supervisor or the designated individuals, or if you wish the source of the report to remain confidential, you may also report such observed or suspected violations directly to the Governance and Nominating Committee or by calling the Digimarc Hot Line. Procedures for reporting observed and suspected violations are set forth at the end of this Code.

It is also important that you encourage other employees to perform their responsibilities under the standards of conduct. Full compliance by all employees is important to safeguard Digimarc's good reputation and continued economic viability.

Digimarc Hot Line Available for All Employees

To get answers to questions about your responsibilities under this Code, discuss your concerns regarding potential misconduct, or to report possible violations of the standards of conduct or other Company policy:

Company Staff and Employees Call: 1 888 279 7317

Hot Lines will be staffed during normal business hours at each location. At all other times, you may call to record a message.

XVII. RETALIATION PROHIBITED

The Company prohibits its employees from retaliating or taking adverse action in any manner against any person who raises or helps resolve a fraud, loyalty, ethics, or business conduct concern.

XVIII. DISCIPLINARY PROCEDURES

The Company shall consistently enforce this Code through appropriate means of discipline, pursuant to procedures adopted by the Board of Directors or the Governance and Nominating Committee thereof. Based on these procedures, it shall be determined whether

violations of this Code have occurred and, if so, what disciplinary measures will be taken against any employee who has so violated this Code.

The disciplinary measures, which may be invoked at the discretion of the Board of Directors or the Governance and Nominating Committee thereof, include, but are not limited to, counseling, warnings, oral or written reprimands, probation, reductions in compensation or suspension without pay, demotions, suspension, termination of employment, and restitution.

Persons subject to disciplinary measures shall include, in addition to the violator, others involved in the wrongdoing such as: (a) persons who fail to use reasonable care to detect a violation; (b) persons who if requested to divulge information withhold material information regarding a violation; (c) supervisors who approve or condone the violations or attempts to retaliate against employees for reporting violations or violators; and (d) persons who do not report a suspected or actual violation of this Code in good faith.

XIX. WAIVERS

For directors and executive officers, any waiver of this Code must be approved by the Board of Directors or by the Governance and Nominating Committee. Any such waiver that is granted to a director or executive officer will be publicly disclosed as required by Nasdaq listing requirements and applicable laws, rules, and regulations.

For other Digimarc personnel, any waiver of this Code must be approved by the Chief Executive Officer and the Chief Legal Officer. Such waivers generally do not require public disclosure, but appropriate information about the issuance and reasons for the waiver will be maintained.

XX. PUBLICATION AND AMENDMENT

This Code will be posted on the Company's Internet website and will otherwise be made publicly available as required by applicable laws, rules and regulations.. Moreover, the Company will publicly disclose whether it has made any amendments to, or granted any waivers from, this Code as required by Nasdaq listing requirements and applicable laws, rules, and regulations.

XXI. CONDITION OF EMPLOYMENT OR SERVICE

Compliance with this Code shall be a condition of employment and of continued employment with the Company, and conduct not in accordance with this Code shall constitute grounds for disciplinary action, including termination of employment. This Code is not an employment contract nor is it intended to be an all-encompassing policy statement on the part of the Company. The Company reserves the right to provide the final interpretation of the policies it contains and to revise those policies as deemed necessary and appropriate.

XXII. RECEIPT AND CERTIFICATION

RECEIPT AND ACKNOWLEDGEMENT

I acknowledge that I have read this Code of Business Conduct, a copy of which has been supplied to me and which I will retain for future reference, and agree to comply in all respects with the terms and provisions thereof. I also acknowledge that this Code of Business Conduct may be modified or supplemented from time to time, and I agree to comply with these modification and supplements as well. I also acknowledge that compliance with this Code shall be a condition of employment and of continued employment with the Company, and conduct not in accordance with this Code shall constitute grounds for disciplinary action, including termination of employment.

Signature: _____

Print Name: _____

Date: _____, 200__

**PROCEDURES FOR REPORTING SUSPECTED NONCOMPLIANCE
BY EMPLOYEES OF DIGIMARC CORPORATION**

I. Reporting Suspected Non-Compliance

As part of its commitment to ethical and legal conduct, the Company expects its employees to bring to the attention of their supervisor, the Chief Executive Officer, or the Chief Legal Officer information about suspected violations of any applicable law by any employee or agent. Employees are required to come forward with any such information, without regard to the identity or position of the suspected offender.

Employees are encouraged to first report the suspected violation to their supervisor, the toll free hotline, the Chief Executive Officer, or the Chief Legal Officer. However, if one of these individuals is involved in the suspected violation, an employee can report the suspected violation to the Chairman of the Audit Committee (with respect to all matters of financial impropriety) or the Chair of the Governance and Nominating Committee (with respect to other matters). Members of the Legal Department are authorized to report suspected violations directly to the Qualified Legal Compliance Committee.

The Company will treat the information in a confidential manner (consistent with appropriate evaluation and investigation) and will seek to ensure that no acts of retribution or retaliation will be taken against anyone for making a report in good faith.

Because failure to report criminal activity can itself be understood to condone the suspected violation, we emphasize the importance of reporting. Willful failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report.

II. Complaint Procedure

A. Notification of Suspected Non-Compliance

Information about known or suspected violations by any employee or agent must be reported promptly. Whenever practical, an employee should either make the initial report, or follow up on an oral report, in writing. If information is reported to the hotline, the operator will advise of any additional steps that may be required.

Information reported should include the identification of the individual believed to have committed the suspected violation, a brief description of the suspected violation, the activities or circumstances upon which the belief is made, and any evidence or communications about the suspected violation that is known to the reporting individual.

B. Investigation

Reports of suspected violations will be referred to the appropriate division of the Company or to an outside entity for an investigation. Based on the nature of the suspected

violation and the issue raised, such an investigation could be conducted by the Legal Department, by another division of the company (such as Human Resources), or by outside entities (such as legal counsel or professional consultants).

The Audit Committee, Governance and Nominating Committee and Qualified Legal Compliance Committee of the Board of Directors are all authorized to conduct investigations. They may do so directly, through outside entities, or may direct management to investigate a complaint and report back to the Committee.

Employees are expected to cooperate in the investigation of reported violations. This may include answering questions, providing any evidence that may be in the employee's possession, or other assistance that may be requested.

C. Confidentiality

To the extent practical and appropriate under the circumstances, to protect the privacy of all persons involved, the identity of anyone who reports a suspected violation or who participates in the investigation will not be disclosed.

Employees should be aware that the individual or individuals conducting an investigation, and those assisting in the investigation, are obligated to act in the best interests of the Company. They do not act as advisors, personal representatives or lawyers for affected employees.

D. Protection Against Retaliation

No retaliation in any form shall be taken against an individual who reports a violation of law in good faith, even if the report is mistaken, or against those who assists in the investigation of a reported violation. Any actual or attempted retaliation is itself a serious violation of this Code. Acts of retaliation should be reported immediately and will be disciplined appropriately.