

A Message to Employees

Financial integrity is key to the Company's reputation among our investors, customers, business partners, suppliers, regulators, government entities, employees and professional advisors. And it is key to both the maintenance and enhancement of our Company's value. In short, Digimarc's reputation for financial integrity is a critically important company asset.

A reputation for high financial integrity is not easily attained, but is the product of a long-term commitment to doing the right things, and doing things right. It requires the constant commitment of every employee in the financial area to conduct himself or herself, and to assure that the Company conducts itself, in a way which reinforces rather than detracts from that reputation. Digimarc has a strong culture of honesty, accuracy and compliance, and in implementing processes that help ensure the independence, transparency, and accuracy required of public companies in the 21st Century. We intend to maintain and build upon that legacy.

This Code of Ethics for Financial Personnel is intended to help you understand and comply with those standards of conduct that are expected of all individuals who manage and affect the finances, books and records, public reporting, and financial transactions of Digimarc Corporation. Read it and keep it handy for future reference.

The standards of conduct that are implemented by this Code are expressed in various company policies and directives, the most important of which are referenced in this Code. Printed copies of any of the policies and directives are available from the Finance Department, your Human Resources Manager or any Digimarc attorney.

I appreciate the competence and professionalism of you and the rest of our finance team, and view it as a key element of our continuing success. Together, we will build on our legacy of accuracy, independence, transparency and compliance. Thank you for supporting this policy and our continuing success.

Bruce Davis
Chairman and Chief Executive Officer
Digimarc Corporation

CODE OF ETHICS FOR FINANCIAL PERSONNEL 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 Ethics for Financial Personnel (the "Code of Ethics") for all financial employees of Digimarc. This Code of Ethics and its policies apply worldwide to all operations and employees of the company who manage and affect the Company's finances, books and records, public reporting, and financial transactions of Digimarc Corporation.

For purposes of clarity, the "Company" includes Digimarc Corporation and its domestic and foreign subsidiaries. "Employee" and "financial professional" includes all employees who work in the finance area; every officer, director or employee of the company who performs or influences financial transactions and reporting on behalf 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 of Ethics provides the framework for the conduct of all financial personnel of Digimarc. It is the personal responsibility of each employee of the Company to adhere to the standards and restrictions, whether imposed by law or this Code, applicable to his or her assigned financial 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 high standards of ethical conduct. This includes doing what we say, reporting results with accuracy and transparency, and maintaining compliance with all laws, rules and regulations that govern the Corporation's businesses. Beyond legal compliance, all Digimarc financial personnel are expected to observe high standards of business and personal ethics in the discharge of their assigned duties and responsibilities. This requires 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 SEC has issued rules

relating to codes of ethics and standards of conduct, and requiring 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 that promote:

- Honest and ethical conduct, including the ethical handling of the finances and financial transactions of Digimarc, and actual or apparent conflicts of interest between personal and professional relationships;
- Recording and maintenance of full, fair, accurate, timely and complete business and financial records for the Company;
- 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;
- The prompt internal reporting to an appropriate person or persons, identified in the Code, of violations of the Code's provisions; and
- Accountability for adherence to this Code of Ethics.

Digimarc has adopted contemporaneous with the adoption of this Code a "Code of Business Conduct" and a "Code of Professional Conduct for Legal Personnel". Those Codes supplement the provisions of this Code for all individual to whom those Codes apply. In particular, financial personnel should review those Code provisions for information regarding conflicts of interest, protection of confidential information, processes for internal reporting of violations (whistle-blower provisions), adherence to internal controls and disclosure controls, document retention, insider trading, consequences of noncompliance, and similar provisions.

IV. CORPORATE BOOKS AND RECORDS

The Company relies on its business records for making business decisions, for making representations to the government, investors and 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. It is your responsibility to see that any company records generated by you satisfy this standard and any records in your custody or control are maintained strictly in accordance with published company document retention policies.

Applicable laws and Company policy require the Company to keep books and records that accurately and fairly reflect its transactions and the dispositions of its assets. Failure to meet such requirements may constitute a violation of law. The following guiding principles apply to assist in the implementation of these requirements:

- Employees must ensure that all Company documents are completed accurately, truthfully, in a timely manner and properly authorized.
- Financial activities and transactions must be recorded in compliance with all applicable laws and accounting practices and in accordance with generally accepted accounting principles, designated by the Company and applicable law. The making of false or misleading entries, records, or documentation is strictly prohibited.

- Employees may never create false or misleading reports under the Company's name. In addition, no payments or established accounts shall be used for any purpose other than as described by their support documentation. No undisclosed funds or assets may be established or maintained.
- No employee may take any action to defraud, influence, coerce, manipulate, or mislead any other officer, director or employee, or an outside auditor or lawyer for the Company, for the purpose of rendering the books, records or financial statements of the Company incorrect or misleading.
- Errors or possible errors or misstatements in the Company's books and records shall be brought to the attention of the Chief Financial Officer and the Chief Legal Officer promptly upon discovery thereof.
- All employees are expected to fully cooperate with the Company's outside auditors.
- The Company seeks to fully comply with all laws and regulations relating to the retention and preservation of all records. Under no circumstances shall Company records be destroyed selectively or maintained outside Company premises or designated storage facilities.

V. INTERNAL ACCOUNTING CONTROLS AND PROCEDURES

The Company maintains a system of internal accounting controls designed to ensure the reliability, adequacy, and integrity of its financial books and records and financial statements. To satisfy these requirements, the Company has adopted policies to ensure that only proper transactions are entered into by the Company, that such transactions have proper management approval, that such transactions are properly accounted for in the books and records of the Company, and that the reports and financial statements of the Company fairly and accurately reflect such transactions. The Company also has adopted a system of disclosure controls to assure that all important information regarding the business and prospects of the Company is gathered and reported in accordance with applicable law. Both corporate management and outside auditors must certify the adequacy of internal accounting controls and procedures.

All employees having any responsibility for such functions must be familiar with the Company's policies, accounting controls, and procedures, and Company books and records must comply with their requirements. The following guiding principles apply to assist in the implementation of these requirements:

- Each employee shall strictly adhere to the system of internal accounting controls and disclosure controls, including all of the internal reporting responsibilities assigned to him or her by the Company.
- Each employee shall promptly report to his or her supervisor, in accordance with Company policy, any significant event or occurrence (whether positive or negative) that arises in the course of the employee's duties and responsibilities, including those that affect the Company and its business associates, competitors, or industries (general economic conditions need not be reported).
- Each employee must be candid in discussing matters concerning internal controls and business disclosures with the Company's management, outside auditors, and outside counsel.

- Employees shall promptly report to the Chief Financial Officer and the Chief Legal Officer any actual or suspected breaches or violations of the Company's internal controls, or any actual or suspected fraudulent or questionable activities, that come to their attention.

The Company will continuously evaluate its internal accounting controls, procedures, and records to ensure compliance with the requirements imposed by law and this Code. Such evaluation will be documented in a form suitable for inspection by outside parties, such as regulatory authorities, if the need arises. The Company will take action to remedy any deficiency in internal accounting controls, procedures, and records to ensure continuing compliance with the requirements imposed by law and this Code.

VI. PERIODIC REPORTING TO THE SEC

The Company's senior financial officers, including, but not limited to, its Chief Financial Officer, Vice President of Finance, Controller, and principal accounting officer, are responsible for disclosing all information that must be disclosed in any periodic report required by securities laws, rules, and regulations, such as Forms 10-Q, 10-K, and 8-K. At all times, such disclosures shall be full, fair, accurate, timely, and understandable.

The Company's Chief Executive Officer and Chief Financial Officer must personally make certain representations in accordance with securities laws, rules, and regulations relating to the Company's quarterly and annual reports. These obligations are set forth in the Company's SEC Compliance Policy. In order to assist the Chief Executive Officer and Chief Financial Officer in compliance with their obligations, each Company employee who is the head of a department or operating unit (a "department head") must personally attest each quarter that the financial report or records relating to his or her area are accurate and fair, and that they properly reflect the Company's business transactions and financial position. Specifically, each department head must certify the following:

1. That the department head has reviewed the department's financial report;
2. That, based on the department head's knowledge, the department's financial report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein (in light of the circumstances under which the statements were made) not misleading; and
3. That, based on the department head's knowledge, the financial report fairly presents in all material respects the financial condition and results of operations of the department for the period in question.

In addition, each department head must disclose to the Chief Financial Officer whether the department or operating unit has changed its internal controls relating to financial reporting or whether any significant deficiencies in the design or operation of such internal controls could adversely affect the Company's ability to timely record, process, summarize, and report financial information for the department or operating unit. Each department head also must disclose to the

Chief Financial Officer and to the Chief Legal Officer any fraud, loyalty, ethics, or business conduct concern, whether or not material, that involves any Company employees or agents.

VII. IMPROPER INFLUENCE ON THE CONDUCT OF AUDITS

The Company prohibits its employees from taking any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the financial statements of the Company for the purpose of rendering such financial statements materially misleading. It is important that Digimarc personnel act in a manner that maintains and enhances the credibility of its financial reports and its financial integrity. To help ensure compliance with this policy, no officer, director or financial professional, or person acting under the direction or control of such a person, shall take any of the following actions: (1) offering or paying bribes or other financial incentives, including the offering of future employment or contracts for non-audit services; (2) providing an auditor with an inaccurate or misleading accounting, legal or factual analysis; (3) threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to the Company's accounting; (4) seeking to have a partner removed from the audit engagement because the partner objects to the Company's accounting; or (5) blackmailing or making physical threats.

Moreover, no officer, director or financial professional, or person acting under the direction or control of such a person, shall take any action that would improperly influence an accounting firm's audit or review of the Company's financial statements, such as having the audit firm: (1) issue an unwarranted report on the financial statements, including suggesting or acquiescing in the use of inappropriate accounting treatments or not proposing adjustments required for the financial statements to conform with GAAP; (2) not perform an audit or review procedure that, if performed, might divulge material errors or misstatements in the financial statements; (3) not withdraw a previously issued audit report when required by generally accepted accounting standards; and (4) not communicate appropriate matters to the Audit Committee.

VIII. 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. 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.

The responsibility for detecting fraud, theft and misappropriation in the Company is that of management. The Chief Financial Officer bears the primary responsibility. 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.

IX. DELEGATION OF AUTHORITY

No employee of the Company shall delegate substantial discretionary authority to any individual who such employee knows, or through the exercise of due diligence should know, has a propensity to engage in illegal activities. For this purpose, persons with "substantial discretionary authority" include: (a) high level personnel, such as officers and directors; (b) individuals who exercise substantial supervisory authority, such as a senior manager or site manager; (c) any other individuals who, although not a part of the Company's management, nevertheless exercise substantial discretion when acting within the scope of their authority (for example, an individual with authority to negotiate or set price levels or an individual authorized to negotiate or approve significant contracts).

X. COMPLIANCE WITH OTHER APPLICABLE LAWS

There are numerous other federal, state, local and international laws and regulations that affect specific financial and reporting activities of the company. Examples of these would be laws relating to the auditor independence and selection, the operation of the Audit Committee, prohibited and non-audit services, whistleblower protections, use of pro forma financial materials, off balance sheet activities, taxes, licensing and qualification to do business, and securities reporting. Questions regarding these subjects or any other laws or regulations should be directed to the Finance or Legal Department.

XI. YOUR ROLE

You have a personal responsibility to observe both the letter and the spirit of this Code of Ethics. 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, the Chief Financial Officer, a company attorney, or call the Digimarc Hot Line (see telephone numbers below).

Your responsibility includes reporting observed or suspected violations of ethics and these standards of conduct 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 Audit 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 these ethics rules and 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 of Ethics, 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.

XII. 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.

XIII. 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 Audit 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 of the Company who has so violated this Code.

The disciplinary measures, which may be invoked at the discretion of the Board of Directors or the Audit 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 of Ethics in good faith.

XIV. WAIVERS

For directors and executive officers, any waiver of this Code of Ethics must be approved by the Board of Directors, or by the Audit 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.

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

XV. PUBLICATION AND AMENDMENT

This Code of Ethics 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, Digimarc 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.

XVI. 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.

XVIII. RECEIPT AND CERTIFICATION

RECEIPT AND ACKNOWLEDGEMENT

I acknowledge that I have read this Code of Ethics for Financial Professionals, 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 Ethics for Financial Professionals 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 of Ethics 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 of Ethics. Acts of retaliation should be reported immediately and will be disciplined appropriately.