



CODE OF ETHICS

Policy Statement

BIO-key International, Inc. ("*BIO-key*") requires that its Directors, officers and employees maintain the highest ethical standards in carrying out business activities. This Code of Ethics sets out the principles to which all Directors, officers and employees of BIO-key are expected to adhere and advocate in meeting these standards. Observing the law, both in letter and in spirit, is the foundation on which BIO-key's ethical standards are based. This Code of Ethics applies across BIO-key, in all businesses and in all countries. In any situation not governed by statute or explicit regulations, or where the law is ambiguous or conflicting, BIO-key's affairs will be conducted in accordance with BIO-key's high standards of business practice. Strict adherence to the provisions of this Code of Ethics is a condition of employment, and violation of this Code of Ethics could be grounds for disciplinary action or termination.

This Code of Ethics is not intended to be a comprehensive manual that covers every situation an employee may encounter. It is a guide that highlights key issues and identifies policies and resources to help employees reach decisions that will make BIO-key proud.

After reading this Code of Ethics, each Director, officer and employee must submit an acknowledgment that he or she has read, understands and to the best of his or her knowledge, are complying with the various provisions of this Code of Ethics.

Introduction

This Code of Ethics is designed to help you make the right choices/decisions when/if confronted with difficult situations. The intention is to remind us of the legal and ethical obligations which are in many ways good judgment and common sense. They reaffirm our commitment to integrity as the cornerstone of our business behavior.

All employees, directors and others who act on behalf of the Company, including all members of management and employees of our non-U.S. subsidiaries are expected to abide by and uphold these Code of Ethics. We have a firmly established policy of conducting our affairs in compliance with the letter and spirit of the law and adhering to the principles of business ethics. By utilizing the Code of Ethics, you will help ensure that the Company conducts its business for the benefit of all our stakeholders - our fellow Colleagues, customers, our shareholders, suppliers, and host communities.

The Code of Ethics cannot answer all legal or ethical questions that may arise. You are always free to consult your supervisor or, if additional guidance is needed, the Human Resources or Member of Executive Management Team with such questions. There may be times where you are left to depend on your own individual judgment in deciding on the correct course of action. As you consider a particular situation, contemplating the following factors may help you arrive at a satisfactory answer:

- Is my action consistent with approved Company practices?
- Does my action give the appearance of impropriety?

- Will the action bring discredit to me or the Company if disclosed?
- Can I defend my action to my supervisor, other Colleagues and to the public?
- Does my action meet my personal code of behavior?
- Does my action conform to the spirit of the Code of Ethics?

The willingness of each of us to raise ethical concerns is important. Any Colleague who becomes aware of acts contrary to the Code of Ethics should inform their supervisor, the Human Resources or Member of Executive Management Team. It is our policy that no person will suffer any adverse effects to their job or career as a result of raising an ethical concern. The section of the Code of Ethics entitled "Administration" provides instructions on how to act in this situation.

Scope

This Code of Ethics applies to all Directors, officers and employees of BIO-key.

Administration

Our goal is to integrate the Code of Ethics into our daily business activities.

As a Colleague of the Company, you have a responsibility to understand and comply with the Code of Ethics.

- All Colleagues who become aware of any acts contrary to the Code of Ethics should give this information to his or her supervisor, the Human Resources or Member of Executive Management Team. If for any reason you feel uncomfortable reporting such incidents or issues to your supervisor, the Human Resources or Member of Executive Management Team, you may inform any member of Executive Management.
- The Company will investigate all reports made as set forth above. In any such investigation, the Company will respect the rights of all parties concerned and principles of fairness and dignity will be applied.
- If a violation of the expressed terms or spirit of this policy is found, the Company will take appropriate disciplinary action. Such action could include immediate termination and filing of criminal charges. In addition, disciplinary action will be taken against any supervisor or other Colleague who retaliates, directly or indirectly, or encourages others to do so, against a Colleague who reports a violation of the Code of Ethics. A Colleague has the right to raise concerns or to report misconduct without fear of retribution.
- In the event a Colleague is uncertain about whether or not an action is permitted by this policy, that issue should be raised with the Colleague's supervisor, the Human Resource Department or the Member of Executive Management Team. The Company encourages inquiries and will make no negative implications because of them.
- In the event that any Colleague, including a member of management or a director, feels that it is appropriate to receive a waiver from one or more of the standards set out in this policy, that Colleague must present a written request for a waiver to the Board of Directors. This policy has been prepared and adopted by the Board of Directors and, except as expressly set out in this policy, only the Board of Directors has authority to waive provisions of it.

Responsibility and Accountability

Each of BIO-key's Directors, officers and employees has the personal responsibility to make sure that our actions are ethical and honest, abide by this Code of Ethics and observe and follow any and all applicable governmental laws, rules and regulations. Each Director, officer and employee of BIO-key is expected to read the entire Code of Ethics and adhere to its principles. All Directors, officers and employees are responsible for abiding by this Code of Ethics.

For a discussion on reporting non-compliance with any section of this Code of Ethics, please see Section XIV entitled "Reporting Concerns."

Additional Responsibilities of Directors and Senior Officers. Directors and senior officers (including senior financial officers) are expected to demonstrate leadership on ethical matters and to observe the highest standards of ethical conduct. These individuals are responsible for promoting open and honest communications within BIO-key and must show respect and consideration for each BIO-key employee. They must serve as positive role models who show respect and consideration for each of BIO-key employees. They must at all times be diligent in observing this Code of Ethics and in being alert for instances of unethical or illegal conduct.

In addition to this Code of Ethics, BIO-key's principal financial officer, principal accounting officer or controller, and persons performing similar functions must abide by the Senior Financial Officer's Code of Ethical Conduct.

Fraud. BIO-key is committed to the rigorous investigation of any suspected cases of fraud, and, where fraud or other criminal act is proven, to ensure that wrongdoers are appropriately punished.

If an employee believes they have good reason to suspect a colleague or other person of a fraud or an offense involving BIO-key or a serious infringement of BIO-key's rules, such as:

- theft of BIO-key property;
- abuse of BIO-key property or abuse of a position or trust; or
- deception or falsification of records (e.g. fraudulent time or expense claims) the employee should take the action outlined in Section XIV entitled "Reporting Concerns."

Fair Dealing. Each of BIO-key's Directors, officers and employees, should endeavor to deal fairly with BIO-key's customers, suppliers, competitors and employees. None should take unfair advantage of any other person through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Employees must disclose at the commencement of their employment the existence of any employment agreement, non-compete or non-solicitation agreement, confidentiality agreement or similar agreement with a former employer that in any way restricts or prohibits the performance of any duties or responsibilities of their positions with BIO-key. Copies of such agreements should be provided to BIO-key to permit evaluation of the agreement in light of the employee's position. In no event shall an employee use any trade secrets, proprietary information or other similar property, acquired in the course of his or her employment with another employer, in the performance of his or her duties for or on behalf of BIO-key.

Our Responsibility to Employees

Constant Respect. BIO-key is committed to providing equal employment and advancement, opportunities for all individuals without distinction or discrimination based upon an individual's race, color, sex, national origin, age, religious creed, physical or mental disability, marital status,

pregnancy, sexual orientation, veteran status, citizenship or any other characteristic protected by law.

This policy applies to all phases of the employment relationship, including hiring, promotion, demotion, transfer, layoff or termination, compensation, use of facilities and selection for training or related programs.

Based on our values and commitment, we aim to resolve problems in a way that is respectful to the individual and pursue solutions which, to the extent possible, adequately consider the interests and requirements of the individuals involved. We ensure that appropriate procedures are in place to resolve any employment related problem seriously, confidentially and as quickly as possible.

Harassment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. This includes any demeaning, insulting, embarrassing or intimidating behavior directed at any employee related to race, color, sex, national origin, age, religious creed, physical or mental disability, marital status, pregnancy, sexual orientation, veteran status, citizenship or any other characteristic protected by law. Unwelcome sexual advances or physical contact, sexually oriented gestures and statements, and the display or circulation of sexually oriented pictures, cartoons, jokes or other material are specifically banned. This Code of Ethics prohibits retaliation against any employee who rejects, protests, or complains about sexual harassment.

Safety and Health. BIO-key is committed to keep its workplaces free from hazards and all BIO-key employees are responsible for maintaining a safe workplace by following safety and health rules and practices. Employees are responsible for immediately reporting accidents, injuries, and unsafe equipment, practices or conditions to a supervisor or other designated person.

Substance Abuse. Alcohol or drugs can impair one's ability to think clearly and function effectively. They make us less productive and, more importantly, lead to situations that can endanger the individuals abusing these substances, who work with them, our customers, and others in our communities. The consumption of alcohol is prohibited when it affects work performance or the work environment. In addition, engaging in the illegal manufacture, use, sale, transfer, possession or distribution of drugs or the abuse of prescription drugs while on the job or on BIO-key's premises, or while off duty and off BIO-key's premises, violates this code of Ethics.

Moreover, using certain drugs is illegal under federal and state laws. In addition, under the Drug-Free Workplace Act, employees are required to notify BIO-key within five calendar days of any work-related criminal conviction.

Privacy of Information

BIO-key strives to create an environment of knowledge, confidence and trust and it is BIO-key's policy to acquire and retain only accurate, factual, job-related employee information required for the effective operation of BIO-key's business or by law. BIO-key keeps employee information confidential and releases it only to authorized personnel with a clear need for such information or if compelled by law.

Our Responsibility to Customers and Consumers

Product Quality and Safety. To maintain BIO-key's valuable reputation, compliance with our quality processes and safety requirements is essential. We damage our good name when we ship products or deliver services that fail to live up to BIO-key's standards.

Sales and Marketing. We will build long-term relationships with our customers by demonstrating honesty and integrity. All of our marketing and advertising will be accurate and truthful. Deliberately misleading messages, omissions of important facts, or false claims about our competitors' are never acceptable.

Solicitation of Business. We will only obtain business legally and ethically. An employee must not offer or receive bribes or other payments which are intended to influence a business decision or compromise independent judgment; must not give money, services or gifts in order to obtain business for BIO-key, and must not receive money, services or gifts for having given BIO-key business to an individual or organization.

Our Responsibility to Business Partners

Doing Business with Others. We will not do business with others who are likely to harm BIO-key's reputation. For example, we will avoid doing business with others who intentionally and continually violate the law. These laws include, for example, environmental, employment, safety and anti-corruption statutes. All arrangements with third parties must comply with BIO-key's policies and the law. We will not use a third party to perform any act prohibited by law or by this Code of Ethics.

Joint Ventures and Alliances. BIO-key will strive to ally with companies that share our commitment to ethics. We will also work to make the standards of our joint ventures compatible with our own.

Purchasing Practices. Purchasing decisions must be made based solely on BIO-key's best interests. Suppliers win BIO-key's business based on product or service suitability, price, delivery and quality. Purchasing agreements should be documented and clearly identify the services or products to be provided, the basis for earning payment, and the applicable rate or fee. The amount of payment must be commensurate with the services or products provided.

Our Responsibility to Stockholders

Protecting and Proper Use of BIO-key's Assets. Directors, officers and employees have a responsibility to protect BIO-key's assets from loss, damage, misuse, or theft. Theft, carelessness and waste can directly impact BIO-key's profitability, reputation and success. BIO-key's assets, such as products, or computers, may only be used for legitimate business purposes. BIO-key's assets may never be used for illegal purposes. Directors, officers and employees are to use BIO-key's assets according to all BIO-key's policies and procedures, comply with security programs and copyrights or trademarks that prevent their unauthorized use or theft, and abide by all regulations or contractual agreements governing their use.

Corporate Opportunities. BIO-key's Directors, officers and employees are prohibited from:

- taking for themselves personally any opportunities that are discovered through the use of BIO-key's property, information or position;
- using corporate property, information or position for personal gain; and
- competing with BIO-key.

Directors, officers and employees owe a duty to BIO-key to advance its legitimate interests when the opportunity to do so arises.

Confidential Information. Confidential information is critical to BIO-key's competitive advantage. This includes technical know-how and data, trade secrets, business plans, marketing

and sales programs, and sales figures, as well as information relating to mergers and acquisitions, stock splits, divestitures, licensing activities, and changes in senior management. Confidential information also includes personal information about BIO-key's employees, such as salaries, benefits and information contained in personnel files. Directors, officers and employees should maintain the confidentiality of information entrusted to them by BIO-key and its customers, except where disclosure is authorized or legally mandated. BIO-key's employees may not accept confidential information from third parties, including competitors, without the authorization of BIO-key's legal counsel.

Directors, officers and employees are to keep proprietary information secure, and limit access to those who have a need to know in order to do their jobs. Confidential information includes all non-public information that might be useful to competitors, or harmful to the company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues after one's employment ends.

Inside Information and Securities Trading. BIO-key's Directors, officers or employees who have access to material, non-public information are not permitted to use that information for stock trading purposes or for any purpose unrelated to BIO-key's business. It is also against the law to trade or to "tip" others who might make an investment decision based on inside company information. For example, using non-public information to buy or sell BIO-key stock, options in BIO-key stock or the stock of a BIO-key supplier, customer or competitor is prohibited (See BIO-key's Insider Trading Policy attached hereto for more specific information on BIO-key's policies). The consequences of insider trading violations can be severe. These rules also apply to the use of material, nonpublic information about other companies (including, for example, our customers, competitors and potential business partners). In addition to employees, these rules apply to an employee's spouse, children, parents and siblings, as well as any other family members living in the employee's home.

Accuracy of BIO-key Records. BIO-key requires honest and accurate recording and reporting of information in order to make responsible business decisions. This includes such data as quality, safety, and personnel records, as well as all financial records.

All financial books, records and accounts must accurately reflect transactions and events, and conform both to required accounting principles and to BIO-key of internal controls. No false or artificial entries may be made, no undisclosed or unrecorded funds or assets may be maintained and no inaccurate or inflated work hours may be reported. When a payment is made, it can only be used for the purpose spelled out in the supporting document.

Quality of Public Disclosures. BIO-key has a responsibility to communicate effectively with stockholders so that they are provided with full and accurate information, in all material respects, about BIO-key's financial condition and results of its operations. Our public communications, including reports and documents filed or submitted to the Securities and Exchange Commission, must include full, fair, accurate and understandable disclosure and be filed in a timely manner. BIO-key has established a Disclosure Committee to assist in monitoring such disclosures, but it is the responsibility of every employee involved in the disclosure process to adhere to this Code of Ethics and ensure that BIO-key's public disclosures are accurate and not misleading.

Recording and Retaining Business Communications. All business records and communications should be clear, truthful and accurate. Business records and communications often become public through litigation, government investigations and the media. We will avoid exaggeration, colorful language, guesswork, legal conclusions, and derogatory remarks or characterizations of people and companies. This applies to communications of all kinds, including

e-mail and “informal” notes or memos. Records should always be retained and destroyed according to BIO-key’s Document Retention Policy, which is attached to this Code of Ethics.

Inquiries for Information. BIO-key must be made aware of any inquiries from the government, the financial/analyst community or the media so that it can properly and thoroughly respond. If an employee is contacted by a representative of the governmental agency seeking an interview or making a request for documents, that employee should immediately contact the Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”) so that appropriate arrangements can be made to fully comply with BIO-key’s legal obligations. Even if you believe you can respond to questions, no employee is authorized to speak with analysts or members of the media unless specifically authorized. All inquiries from the financial/analyst community and the media should be referred to CEO or CFO

Improper Influence on Conduct of Audits. No Director or officer, or any other person acting under the direction thereof, shall directly or indirectly take any action to coerce, manipulate, mislead or fraudulently influence any public or certified public accountant engaged in the performance of an audit or review of the financial statements of BIO-key if that person knows or should know that such action, if successful, could result in rendering BIO-key’s financial statements materially misleading. Any person who believes such improper influence is being exerted should report such action or contact the Chairman of the Audit Committee.

Types of conduct that could constitute improper influence include, but are not limited to, directly or indirectly:

- Offering or paying bribes or other financial incentives, including future employment or contracts for non-audit services;
- Providing an auditor with an inaccurate or misleading legal analysis;
- Threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to BIO-key’s accounting;
- Seeking to have a partner removed from the audit engagement because the partner objects to the BIO-key’s accounting;
- Blackmailing; and
- Making physical threats.

Intellectual Property. BIO-key invests substantial resources in developing proprietary intellectual property and confidential information. BIO-key protects its intellectual property by seeking patent, trademark, or trade secret protection. It protects its confidential information by taking precautions to prevent inappropriate disclosure or loss of such information.

BIO-key also respects the intellectual property of others. Early in the product development cycle, BIO-key conducts patent searches to avoid infringing patents of others and, when necessary, makes design changes or seeks licenses.

Our Responsibility to Competitors

Competitive Information. Competitive information is a valuable tool that allows us to understand and manage our markets, products, and services so we can better meet our customers’ needs. It is important that we comply with the law in acquiring information, which, of course, prohibits theft, blackmail, wiretapping, electronic eavesdropping, bribery, improper inducement, receiving stolen property, threats, and other improper methods.

It is also important that we acquire information ethically. We must not misrepresent who we are or who we work for.

We will also respect the confidentiality of our competitors' and suppliers' information. We will not use information another company has marked "proprietary" or "confidential" (or information we have reason to think should have been marked that way), regardless of how it was obtained, unless the owner provides the material for a specific purpose or the information has become public. We should try to make sure that a nondisclosure agreement has been signed by both parties before disclosing or receiving any proprietary information.

Any information we suspect has been obtained improperly or any non-public information contained in a competitor's bid to any government agency should not be used.

Any material we have reason to think may violate these standards or that may give the appearance of impropriety should be discussed with or turned over to a member of the Executive Management Team.

Our Responsibility to Communities

Personal Community Activities. Directors, officers and employees are free to support community, charity and political organizations and causes of their choice, as long as they make it clear that their views and actions are not those of BIO-key. We must ensure that our outside activities do not interfere with our job performance.

Environment. We will respect the environment by complying with all applicable health, safety and environmental laws in all countries in which we conduct operations. BIO-key is committed to the protection of the environment by minimizing the environmental impact of our operations and operating our businesses in ways that will foster a sustainable use of the world's natural resources.

Our Responsibility to Governments

Compliance with the Law. BIO-key Directors, officers and employees are required to comply with all applicable governmental laws, rules and regulations wherever BIO-key conducts business. Perceived pressures from supervisors or demands due to business conditions are not excuses for violating the law. If you have any questions or concerns about the legality of an action, check with management.

BIO-key Political Activities. Employees are free to exercise their right to make personal political contributions within legal limits, unless these contributions are otherwise prohibited by other BIO-key policies. Employees should not make these contributions in a way that might appear to be an endorsement or contribution by BIO-key. No employee may pressure another employee to express a view that is contrary to a personal belief, or to contribute to or support political, religious or charitable causes.

No employee may, except with approval from the Board of Directors make any political contribution for BIO-key or use BIO-key's name, funds, property, equipment or services for the support of political parties, initiatives, committees or candidates. This includes any contribution of value. Additionally, lobbying activities or government contacts on behalf of BIO-key, other than sales activities, should be coordinated with the CEO.

Anti-Corruption Laws. BIO-key will comply with the anti-corruption laws of the countries in which it does business, including the U.S. Foreign Corrupt Practices Act (FCPA). Directors, officers and employees will not directly or indirectly give anything of value to government officials, including employees of state-owned enterprises or foreign political candidates. These requirements apply both to BIO-key employees and agents, such as third party sales

representatives, no matter where they are doing business. If you are authorized to engage agents, you are responsible for ensuring they are reputable and for obtaining a written agreement to uphold BIO-key's standards in this area.

Antitrust Laws

Fair Competition and Antitrust. BIO-key and all its Directors, officers and employees are required to comply with the antitrust and unfair competition laws of the countries in which we do business. Employees shall not engage in practices that would constitute a violation of the applicable antitrust and competition laws. These laws are complex and vary considerably from country to country. They generally concern:

- agreements with competitors that harm customers, including price fixing and allocations of customers or contracts;
- agreements that unduly limit a customer's ability to sell a product, including establishing the resale price of a product or service, or conditioning the sale of products on an agreement to buy other BIO-key products and services; and
- attempts to monopolize, including pricing a product below cost in order to eliminate competition.

Directors, officers and employees who question whether an action may violate competition laws should talk to the CFO.

Our Responsibility to Avoid Actual and Apparent Conflicts of Interest

An employee's primary employment obligation is to BIO-key. No employee is permitted to engage in any business or other activity which may give rise to a conflict with BIO-key's interest. Generally, a conflict of interest arises whenever an employee's personal or financial interests differ from his or her responsibilities to BIO-key or from BIO-key's best interests, and might impair his or her exercise of independent judgment.

General Guidance. Business decisions and actions must be based on the best interests of BIO-key, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect our independent and sound judgment on behalf of BIO-key. Directors, officers and employees should avoid any action which may involve a conflict of interest with BIO-key and employees are required to disclose to any situation that may be, or appear to be, a conflict of interest. Where conflicts of interest arise, Directors, officers and employees must provide full disclosure to an appropriate person of the circumstances and refrain from any related decisions.

Quiet Period. In order to avoid any potential for, or the perception or appearance of selective disclosure, BIO-key observes a "quiet period." This is during the period commencing two weeks prior to the announcement of BIO-key's earnings and terminates once the earnings results are public. During the quiet period, BIO-key spokespersons will not initiate meetings or telephone contacts with analysts, investors or media and will refrain from discussing matters related to earnings and financial performance.

Related Party Transactions. Directors and senior officers must disclose to the Audit Committee of the Board of Directors any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest. BIO-key's Audit Committee will review and address any potential conflicts of interest and related-party transactions.

Outside Employment. Directors, officers and employees may not work for or receive payments for services from any competitor, customer, distributor or supplier of BIO-key. We must make

sure that the skills we learn and use at BIO-key are not used in such a way that could hurt the business of BIO-key.

Board Memberships. Serving on the Board of Directors or a similar body for another company or government agency requires the advance approval of your supervisors. Serving on boards of non-profit or community organizations is encouraged, and does not require prior approval.

Family Members and Close Personal Relationships. Directors, officers and employees may not seek to obtain special treatment from BIO-key for family members or friends or for businesses in which family members or friends have an interest.

Investments. Directors, officers and employees may not allow their investments to influence, or appear to influence, their independent judgment on behalf of BIO-key. The appearance of a conflict of interest is most likely to arise if an employee has an investment in a competitor, supplier, customer, or distributor and his decisions may have a business impact on this outside party. If there is any doubt about how an investment might be perceived, it should be disclosed to the CFO.

Personal Benefits. From time to time employees may be presented with gifts from other business organizations. In order to safeguard integrity and reflect the highest ethical standards, any such gift which is offered, or is possibly offered, in the expectation of, or with the purpose of soliciting favorable consideration must be refused and the fact of its having been offered must be immediately reported to management.

Employees must not accept money, loans, services, goods, entertainment, favors or any form of recompense of more than nominal value from any supplier, contractor, subcontractor, agent, customer or competitor.

There are certain situations in which an employee may accept a personal benefit from someone with whom they transact business, such as:

- accepting a gift in recognition of a commonly recognized event or occasion (such as a promotion, new job, wedding or retirement). A gift accompanying an award in recognition of service or accomplishment may be accepted without violating these Code of Ethics so long as the gift does not exceed \$100 from any one individual or organization in any calendar year;
- accepting meals, refreshments, travel arrangements and accommodations and entertainment of reasonable value in the course of a meeting or other occasion to conduct business or foster business relations.

Director Loans and Expenses. It is BIO-key's policy that no loans or quasi-loans are made to any Director or senior officer.

Company Resources

All Directors, officers and employees should use and protect BIO-key's assets as they would their own. BIO-key's resources made available to help perform your job include computers, telephones, internet access, reproduction equipment and facsimile systems. BIO-key maintains these resources and technologies for legitimate business activities and to support a positive, professional business climate. You are personally responsible for corporate assets placed in your control and are expected to use such resources and technology responsibly and professionally at all times.

Reporting Concerns

BIO-key takes a very serious view of any fraudulent behavior, malpractice or any other violation of this Code of Ethics. If evidence of such occurrence comes to light, it will be dealt with quickly, and disciplinary action will be taken against any employee found guilty of such actions. The disciplinary action taken will be appropriate to the violation, up to and including dismissal.

There are no easy answers to many ethical issues encountered in our daily business activities. If Directors, officers and employees have knowledge or are suspicious of any non-compliance with any section of this Code of Ethics or are concerned whether circumstances could lead to a violation of this Code of Ethics, they should discuss the situation with their immediate supervisor. He or she should contact the HR Department for advice.

If Directors, officers or employees have knowledge or are suspicious of any non-compliance with any section of this Code or are concerned whether circumstances could lead to a violation of this Code of Ethics, they should discuss the situation with BIO-key's Audit Committee.

Under no circumstances should employees speak to representatives of the press, radio, television or other third party.

Prohibition on Retaliation Against Whistleblowers

BIO-key will not permit any form of retaliation against any employee, who, in good faith, reports violations or suspected violations of company policy or who assists in the investigation of a reported violation. Acts of retaliation should be reported immediately. Any victimization of employees reporting retaliation or attempt to deter them from raising such a concern will be treated as a serious disciplinary offense.

Availability of Code

This Code of Ethics is publicly available at BIO-key's website (www.BIO-key.com) and to any stockholder who requests it free of charge upon written request to BIO-key.

Disclosure of Waivers

Employees of BIO-key are expected to follow this Code of Ethics, and to represent BIO-key in a responsible manner in all regions and territories, at all times. Generally, there should be no waivers to this Code of Ethics. However, in rare circumstances conflicts may arise that necessitate waivers. A waiver of this Code of Ethics for a Director, officer or employee may be made only by the Board of Directors and will be promptly disclosed to the extent required by law (including SEC rules, NASDAQ National Market listing standards).

Conclusion

This Code of Ethics reflects general principles to guide employees in making ethical decisions and is not intended to, address every situation in which BIO-key may find it appropriate to take disciplinary action. When in doubt, ask yourself the following questions:

- will my actions be ethical and comply with both the law and BIO-key's policies?
- will my actions have the appearance of impropriety?
- will my actions be questioned by my supervisors, clients or the general public?

It is the policy of BIO-key International, Inc to fully comply with the provisions of the Sarbanes-Oxley Act of 2002, as well as all other federal and state laws applicable to its business. Consistent with this commitment, it is the policy of BIO-key International, Inc to “protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws.” Further, it is our commitment to ensure that all members of management and all employees understand the provisions of this law, specifically Section 806 of the Act, which provides whistleblower protection to employees of publicly traded companies who provide evidence of violations of federal securities laws and in certain other circumstances.

Provisions

Employees are protected from retaliation under the Sarbanes-Oxley Act if they lawfully provide information, cause information to be provided, or otherwise assist in any investigation of the conduct of the company in which the employee reasonably believed to constitute:

A violation of the federal criminal statutes prohibiting mail, wire, bank, or securities fraud,
Any rule or regulation of the Securities and Exchange Commission (“SEC”),
Or any provision of the federal law relating to fraud against shareholders.

Employees are protected from such retaliation if they provide such information or assistance to:
Any federal regulatory or law enforcement agency and
Any member of Congress or any Congressional committee,

Any person working for the company who has “supervisory authority” over the employee, or any other person working for the company who has the authority to investigate, discover or terminate misconduct.

In addition, employees have whistleblower protection under the Act if they file, cause to be filed, testify in, participate in, or otherwise assist in any proceeding which is filed or about to be filed (with any knowledge of the company) relating to:

An alleged violation of the federal mail, wire, bank or securities fraud criminal statutes,
Any rule or regulation of the SEC, or Any provision of federal law related to fraud against shareholders.

Criminal Law Provisions

Under the Act, the federal criminal laws are amended to provide for possible imprisonment for up to ten (10) years for retaliation against employees providing truthful information to a “law enforcement officer,” regardless of whether the information would be covered by the whistleblower provisions of the Sarbanes-Oxley Act.

For purposes of this policy, all members of management should assume that “law enforcement officer” includes any state or federal investigator, such as investigators employed by the U.S. Department of Labor or the Equal Employment Opportunity Commission. Under no circumstances should any employee be retaliated against for providing information to such persons.

Procedures

Any employee, who believes they have specific information protected under the Sarbanes-Oxley Act, should bring this information to their immediate supervisor. Protected information is outlined in the “Provisions” section of this policy, above.

If the employee is uncomfortable reporting the information to their direct supervisor, or feel it should not be provided to their supervisor, they should contact any member of the Human

Resource department or any member of Executive Management Team with whom they feel comfortable discussing the matter, up to and including the Board of Directors of BIO-key International, Inc

It is the responsibility of the supervisor to ensure that any such protected information provided to them is properly reported to the Executive Management Team.

Under no circumstance should any manager or supervisor of BIO-key retaliate in any manner against any employee who has provided any information protected by the provisions of the Sarbanes-Oxley Act or who is otherwise protected from retaliation under the Act.

Any manager or supervisor who is found to have engaged in any retaliatory conduct toward any employee protected by the provisions of the Act will be subject to disciplinary action, up to and including termination of employment.

It should be noted that if the information provided is not "reasonably believed" by the employee to be true (i.e., the employee knows that the information being provided is false), the Act does not protect the employee from disciplinary action up to and including discharge. The manager or supervisor should not decide whether the employee has knowingly given false information or has knowingly made a false accusation. Instead, this should be reported to the Executive Management Team, who should then consult with the Human Resources Department before disciplinary action is taken against the employee.

Similarly, the Act does not protect employees who engage in conduct which is otherwise protected under the Act by unlawful means. Again, supervisors should not decide whether an employee's conduct is "unlawful" within the meaning of the Act, and no disciplinary action should be taken against the employee without the express approval of the Human Resources Department.