

Bitstream Code of Business Conduct and Ethics

Bitstream, Inc. (“Bitstream” or the “Company”) reserves the right to modify any policy, procedure or condition of employment at any time without notice and without revision of the Bitstream Code of Business Conduct and Ethics (the “Code of Business Conduct” or the “Code”). The contents of this Code of Business Conduct do not constitute the terms of a contract of employment. Employment at Bitstream is on an at-will basis. This Code of Business Conduct is not a legal document. It is for informational purposes only. The on-line version of the Code of Business Conduct, accessible through the Company's Web site [www.bitstream.com/about/investor relations/corporate governance](http://www.bitstream.com/about/investor-relations/corporate-governance), supersedes all printed versions.

Table of Contents

- Summary statement from the Company’s CEO and CFO
- Our Standards
- Penalties for Violations
- Which Law Applies
- Workplace Responsibilities
- Financial Books and Records
- Conflicts of Interest
- Gifts, Bribes and Improper Payments
- Political Contributions
- Insider Trading
- Intellectual Property
- Protection and Use of Company Assets
- Antitrust and Competition Laws
- Business Records
- International Issues
- Reporting Concerns and Violations
- Waivers

SUMMARY

Discussions of ethics and integrity have become increasingly important in today's business environment and operating with a strong sense of ethics and integrity is critical to maintaining trust and credibility with our employees, customers, vendors, partners, stockholders and the community.

This Code of Business Conduct reflects our commitment to ethical business practices and compliance with the law. The Code summarizes some important principles and standards to guide our actions in business. As a Bitstream employee you are responsible for fully understanding and complying with the letter and spirit of this Code of Business Conduct as well as other Company policies and the laws and regulations that apply to your work. This Code outlines the broad principles of legal and ethical business conduct and is not intended to be all encompassing. Rather, it is intended to serve as a guide to the most critically relevant areas.

We earn the trust and respect of the people and companies we associate with every day through the actions of every employee. Each of us must be committed to acting with integrity and honesty in everything we do, and we must treat the people and companies with which we associate with respect and fairness. We rely on you to uphold this commitment. Doing so will ensure that Bitstream will remain a great place to work.

Additional resources are available to help you meet your compliance obligations. Copies of some of the Company's other policies are available on the Bitstream intranet or from the Human Resources Department. If you have questions about the applicability or interpretation of the Code or any Company policy, you should seek advice from your supervisor, senior management, or the Company's Human Resources or Legal Departments.

Anna M. Chagnon
President and Chief Executive Officer

James P. Dore
Vice President and Chief Financial Officer

OUR STANDARDS

Our goal at Bitstream is to be a good corporate citizen in all countries where we do business. This means complying with the law and acting ethically. Nothing should compromise our commitment to integrity. We want to be proud of our values and our reputation for high standards of business conduct.

Compliance is a shared responsibility among the Company and its directors, officers and employees. We count on each of you to uphold our commitment to ethical and legal business practices. You are responsible for learning the details of policies, practices, laws and regulations applicable to your work and for seeking guidance when you need it. To assist you in this effort, we have prepared this Code of Business Conduct. Your responsibility is to understand and comply with this Code as well as the Company's other policies and standards of conduct and the laws and regulations that apply to your work. This Code applies to Bitstream and its subsidiaries, and to their employees, officers and directors. In addition, Bitstream expects those who do business for us such as consultants, agents, distributors and independent contractors, to also adhere to the principles outlined in the Code.

PENALTIES FOR VIOLATIONS

Employees who violate Bitstream policies will be subject to disciplinary action up to and including termination of employment. The following are examples of conduct that may result in discipline:

- Actions that violate a Bitstream policy.
- Requesting others to violate a Bitstream policy.
- Failure to promptly raise a known or suspected violation of a Bitstream policy.
- Failure to cooperate or provide truthful information in investigations of possible violations of a Bitstream policy.
- Retaliation against another employee for reporting a compliance concern.
- Failure to demonstrate the leadership and diligence needed to ensure compliance with Bitstream policies and applicable law .
- Violation of a Bitstream policy can also mean breaking the law which may subject you or the Company to criminal penalties (fines or jail sentences) or civil sanctions (damages awards or fines). .

WHICH LAW APPLIES

The Code applies in all countries where we conduct business. All employees are subject to the laws and regulations of the country where they work. Because Bitstream is a U.S. company, U.S. law may also apply even in some instances for conduct that occurs outside the U.S. Be sure to consult with your manager or a member of the Legal Department if you are unclear about which laws and regulations apply to your work.

WORKPLACE RESPONSIBILITIES

(A) RESPECT IN THE WORKPLACE

All employees want and deserve a workplace where they feel respected and appreciated. Discrimination or harassment of any kind and especially involving race, color, religion, gender, age, sexual orientation, national origin, disability, pregnancy, and veteran or marital status is unacceptable in our workplace environment.

Providing an environment that promotes honesty, fairness, respect, and trust in the treatment of every employee gives us the opportunity to achieve excellence in our work. While everyone who works for the Company must contribute to the creation and maintenance of such an environment, our executives and management assume a special leadership responsibility for fostering an atmosphere that will bring out the best in all of us.

We are committed to treating all employees with honesty, fairness and respect. To fulfill that commitment, you must:

- Provide fair and equitable treatment for all employees;
- Promote a positive and harassment-free work environment;
- Protect the health and safety of employees;
- Provide equal employment opportunities; and
- Treat all employees fairly without regard to personal characteristics such as race, color, religion, gender, age, sexual orientation, national origin, disability, pregnancy, and veteran or marital status.
- You must not: Engage in any form of discrimination, harassment or retaliation; or Create or tolerate an intimidating, hostile or offensive working environment.

As an employee you must comply with our non-discrimination, non-harassment policy. A copy of the policy is available from the Human Resources Department.

We are also committed to providing a drug-free working environment. Substance abuse poses serious health and safety hazards in the workplace. Employees are prohibited from using, possessing, distributing or being under the influence of illegal drugs or abusing prescription drugs while working for Bitstream or on the Company's premises or at a Company sponsored event. You should not work under the influence of any prescription or over-the-counter drug if the drug impairs your ability to work in a safe, effective and appropriate manner. The possession or consumption of alcohol on Company premises is not permitted except at authorized Company events at which the Company provides the alcohol. Being under the influence of excessive alcohol consumption is prohibited while working for the Company or on Company premises or at a Company sponsored event. For more information, contact the Human Resources Department.

Code of Conduct and Ethics

(B) HEALTH AND SAFETY

Each of us is responsible for observing the safety and health rules and practices that apply to our work, and for compliance with environmental, health, and safety laws and regulations. While at work, you must:

- Observe posted warnings and regulations.
- Take precautions necessary to protect yourself and your co-workers, including wearing appropriate clothing and protective equipment.
- Immediately report to appropriate management any potentially unsafe condition or any environmental or safety concern.
- Immediately report to appropriate management any accident or injury sustained on the job.
- Follow proper practices related to waste disposal, emissions and use of toxic materials.

For more information, contact the Human Resources Department or your manager.

FINANCIAL BOOKS AND RECORDS

Bitstream requires honest, accurate and complete recording and reporting of financial information. All financial books, statements, records and accounts must accurately reflect transactions and events and conform to generally accepted accounting principles and applicable laws and regulations.

All employees, including but not limited to the CEO, the CFO, and all employees in the Finance Department, must:

- Provide information that is accurate, objective, complete and timely to ensure full, fair, accurate, timely and understandable disclosure in reports and documents filed with the SEC and other public communications.
- Follow United States generally accepted accounting principles (US GAAP) and all applicable laws, regulations and standards for accounting and financial reporting and disclosure, including federal, state and local laws and the rules of private and public regulatory agencies such as the SEC.
- Maintain complete, accurate and timely records and accounts to reflect all business transactions, estimates and forecasts.
- Provide timely and candid forecasts and assessments to management.

Code of Conduct and Ethics

- Maintain and comply with sound processes and controls.
- Act reasonably and in good faith with due care and diligence and without misrepresenting material facts.

Examples of unethical financial or accounting practices include:

- Making false entries that intentionally hide or disguise the true nature of any transaction.
- Improperly accelerating or deferring the recording of expenses or revenues to achieve financial results or goals.
- Establishing or maintaining improper, misleading, incomplete or fraudulent account documentation or financial reporting.
- Processing a sale or shipping product prior to receipt of a valid customer supplied purchase order, license agreement or prepayment, such as by credit card.
- Signing any documents believed to be inaccurate or untruthful.
- You should not rationalize or even consider misrepresenting facts or falsifying records. It is your responsibility to report immediately any suspected financial or accounting fraud or any false entries in books or records or any failure of books, records or financial statements to comply with US GAAP, SEC requirements or any other applicable laws and regulations.

CONFLICTS OF INTEREST

A conflict of interest exists if your outside business or other personal interests can affect your motivation or performance as an officer, director or employee. You must avoid any relationship, influence or activity that might impair, or even appear to impair, your ability to make objective and fair decisions in performing your job.

Here are some ways a conflict of interest could arise:

- Ownership by you or a family member of a substantial interest in a company which is a competitor, vendor, supplier, or customer.
- Being employed by or acting as a consultant or providing services to a customer, vendor, supplier or competitor or having a family member who has such a relationship.

Code of Conduct and Ethics

- Placement of business with a firm owned or controlled by an employee or family member.
- Acceptance by you or a family member of gifts of greater than token or nominal value or acceptance of payments, personal discounts or services from those seeking to do business with the company.
- Using knowledge, resources, or information belonging to the Company for personal gain.
- A romantic or other personal relationship that may create a conflict of interest with your responsibilities or compromise Company integrity.

Employees should disclose outside activities, financial interests or relationships that may present a possible conflict of interest or the appearance of a conflict. When in doubt, share the facts of the situation with your supervisor or a member of the Legal Department to get clarification.

For more information on the Company's policies in this area, please see your manager or a member of the Human Resources Department.

GIFTS, BRIBES, AND IMPROPER PAYMENTS

Bitstream forbids payments of any kind to any person either to obtain an improper advantage in selling goods and services or to advance our interests with governmental authorities. Among the prohibited activities are:

- Payments, gifts or services intended to influence or even appearing to influence a government official's actions.
- Furnishing something of value to an intermediary (e.g. an employee of a customer) with the intent of having the intermediary do something that would violate this policy.

Reasonable expenditures for gifts and entertainment for non-governmental business contacts may be made if such expenditures are related to a business relationship, have been appropriately authorized, are correctly recorded on the books of the Company, and do not conflict with laws and or other of our policies. Entertainment or gifts, however, should not be of substantial monetary value or exceed the value customarily provided in the industry.

POLITICAL CONTRIBUTIONS

In the United States, corporations are prohibited by law from donating corporate funds, goods, or services to candidates for public office. Of course, this does not mean that employees cannot contribute to candidates or otherwise take part in the political process on an individual basis

INSIDER TRADING

In the course of your activities on behalf of Bitstream, you may become aware of "material" information about the Company or one of our collaborators, customers, vendors or suppliers that may not be available to the public. Information is considered "material" if an investor might use the information as a basis for deciding whether to buy or sell the company's securities. U.S. federal securities laws generally prohibit a person from trading in a company's securities while in the possession of material, non-public information about the company if that information was gained through certain types of relationships such as an employment relationship. These laws also prohibit passing the information along to a third party who then trades in the securities. To avoid violations of securities laws and even the appearance of impropriety, you are prohibited from:

- Buying or selling Bitstream stock while in the possession of material, non-public information about the company. This prohibition applies to exercise/sale transactions under the Company's stock option program.
- Buying or selling stock of a company with whom Bitstream does business if you have material, non-public information about that company.
- Providing material, non-public information about the Company to a third party except where authorized by your supervisor and under a confidentiality agreement
- Suggesting to a third party that they buy or sell Bitstream stock or the securities of another company if you have material, non-public information about Bitstream or the other company.
- Engaging in short term or speculative transactions in Bitstream stock such as short sales, publicly traded options (e.g. puts, calls), hedging transactions, margin accounts and pledges.

Additional obligations in this area are set forth in the Company's Insider Trading Policy which is included in the Company's Employee Handbook and available from the Human Resources Department.

INTELLECTUAL PROPERTY

Protection of the Company's intellectual property — including its technical knowledge, know-how and experience, trade secrets, patents, trademarks, and copyrights — is essential to maintaining our competitive advantage.

Much of the information developed in research and development, customer support, quality control, marketing, sales and other activities is original or sensitive in nature and important for our success. Such information must be safeguarded. This confidential or proprietary information includes any information maintained in secrecy that gives us an opportunity to obtain an advantage over competitors who do not know about it or use it.

Code of Conduct and Ethics

Examples of confidential or proprietary information include marketing plans, sales data, research and technical data, design and testing techniques, information regarding potential business development opportunities, and pricing information and strategies. All confidential or proprietary information must be protected by employees and not disclosed to outsiders. Its loss through inadvertent or improper disclosure could be harmful to the Company. Never provide confidential information to outsiders without having a written form of confidentiality agreement signed in a form approved by the Legal Department. Do not discuss confidential information in public places where others may overhear. Be careful when using the fax machine, e-mail and other forms of electronic communication to make sure information is not inadvertently sent to the wrong party.

Employees and agents of the Company are required to sign agreements reminding them of their obligation not to disclose the Company's confidential or proprietary information while employed and after they leave the Company. The loyalty, integrity and sound judgment of employees both on and off the job are essential for protection of our information.

In addition to protecting Bitstream's intellectual property rights you must respect the intellectual property rights of others. Unauthorized use of the intellectual property rights of others may expose the Company to civil lawsuits and damages. Theft or misappropriation of intellectual property may result in significant fines and criminal penalties for the Company and you.

PROTECTION AND USE OF COMPANY ASSETS

Bitstream's assets are to be used only for legitimate business purposes of Bitstream and only by authorized personnel. This includes both tangible assets and intangible assets, such as software programs, trade secrets, patents, trademarks, copyrights, databases, employee records and unpublished reports and data. Unauthorized or careless alteration, destruction, use, disclosure or distribution of these assets may have an adverse impact on Bitstream and its operations and could subject you to disciplinary action, up to and including termination of employment or affiliation with Bitstream.

There are a number of precautions we must take to maintain the integrity and security of our technology and information. In using Company computers and electronic and voice communication systems, you are required to comply with Company policies and procedures. Although you may use Company computers and communication systems for incidental personal use, you are not guaranteed personal privacy of such equipment or systems or the information sent, stored or received using them.

ANTITRUST AND COMPETITION LAWS

Our policy is to compete fairly and legitimately and to comply with antitrust laws and trade regulations. These laws are complex and not easy to summarize. At a minimum, these laws prohibit agreements between the Company and our competitors that affect prices, terms or conditions of sale or fair competition. These laws prohibit agreements or understandings (written or unwritten) between the company and any of its competitors

Code of Conduct and Ethics

regarding prices, terms, or conditions of sale restraining full and fair competition. To avoid violations of the law or even the appearance of impropriety, you should not engage in discussions with competitors that relate to prices, terms and conditions of sales, costs, profits, product capacity, volume, market share, sales territories, or allocation of customers. Antitrust laws apply to many aspects of business behavior. Many countries have competition laws that are sometimes more stringent than U.S. antitrust laws and regulate, among other things, distribution agreements, patent copyright and trademark licenses, territorial restrictions on resellers, rebates and discounts to customers and pricing policies generally. Those employees with responsibilities in business areas that may be impacted by antitrust and competition laws, particularly those engaged in marketing and sales activities, must be fully aware of the laws and their implications. These laws are vigorously enforced. Violations may result in severe penalties, including criminal sanctions against individual employees. If you have any questions about whether a particular action is appropriate please contact the Legal Department.

BUSINESS RECORDS

The Company has records management policies and procedures to ensure records are maintained, stored, and when appropriate, destroyed in accordance with the Company's needs and in compliance with applicable laws and regulations. You are expected to be familiar with the specific requirements of your business and location as well as applicable Company procedures. Subject to local requirements, you may keep active files in a way that suits your daily business needs. Inactive or historical documents must be treated as set forth in the Company's Records Management Policy. Regular document destruction must stop immediately if you are aware of a legal threat or action for which such documents would be relevant or if the Legal Department requests that you stop. Company records include paper documents, handwritten notes, voicemail, e-mail, audio or video media, computer files on disk, servers or tape and any other medium that contains information about the Company or its business activities. If you have a question about record retention or need additional information, please see the Legal Department.

INTERNATIONAL ISSUES

Employees involved in international business must be aware that many additional laws and regulations apply to your activities. The United States and other countries have laws that restrict or prohibit doing business with certain countries and parties. The U.S. also has laws that regulate how companies must respond to boycotts enforced by one set of countries against another. Employees responsible for international business must be aware of these laws and how they apply. Anyone not familiar should consult with the Legal Department prior to negotiating any international transaction.

REPORTING CONCERNS AND VIOLATIONS

Our goal is to prevent the occurrence of illegal or unethical behavior, to halt any such behavior discovered as soon as reasonably possible, and to discipline those who engage in it

Code of Conduct and Ethics

as well as those who fail to exercise appropriate supervision or oversight to detect and report such behavior by their subordinates. You are responsible for raising concerns about risks to the Company, ideally before these risks become actual problems. If you know or reasonably believe there has been a violation of this Code or any kind of unlawful behavior, you must report that information to your supervisor or a more senior manager, or, if your manager will not or cannot help or is part of the problem, to an HR representative or a member of the Legal Department.

Reports or questions may be addressed directly to Bitstream's General Counsel, Anna Chagnon, or alternatively you may either direct mail care/of the Company's offices or email at independentBOD@bitstream.com to any of the independent members of the Company's Board of Directors, who are collectively responsible for oversight of our corporate governance. These board members are currently David Lubrano, who is also the Chairman of the Audit Committee, George Beitzel, and Amos Kaminski

The Audit Committee has established procedures for dealing with the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters. Any concerns by employees related to questionable accounting and auditing matters should be reported immediately by any of the means described in this section.

Employees should not be fearful or concerned about reporting a problem. You will be treated with respect and dignity. Your concerns will be taken seriously. Confidentiality is a priority and every effort will be made to protect the confidentiality of your identity. In some instances, however, it may be impossible to keep your identity confidential because of the demands of conducting a thorough investigation or because of legal concerns. If you are concerned about confidentiality, you might consider making an anonymous report.

Remember, there will never be retribution for raising a concern or reporting misconduct. Retaliation against an employee who seeks advice, raises a concern or reports misconduct is strictly prohibited. If an individual retaliates against an employee who has truthfully and in good faith reported a violation, the Company will take appropriate action even if it later turns out that the employee was mistaken in reporting the matter. Appropriate action will also be taken against any individual who has intentionally made a false report.

WAIVERS

Any waiver of this Code requires approval of the three independent members of the Board of Directors to the extent permitted by applicable regulations and Nasdaq rules, and will be disclosed to stockholders if required by applicable laws, rules and regulations.