

**MAKEMUSIC, INC.**  
**CODE OF ETHICS**  
**AND**  
**BUSINESS CONDUCT**

2011

## **To Our Employees, Officers and Directors:**

Ethical business practices provide a critical foundation for our success and protect our reputation in the industry and community. Our corporate culture is based upon integrity in the manner in which we manage and operate MakeMusic, Inc. ("MakeMusic" or the "Company"). We place a high value on honesty, fair dealing and ethical business practice.

The following Code of Ethics and Business Conduct (the "Code") is designed to help you understand what MakeMusic expects of its employees, officers and directors (collectively, "Representatives"). It does not cover every ethical issue, but the basics are here to help your general understanding. For officers and employees, compliance with the Code is a condition of employment. For directors, compliance with the Code is a condition of continued retention. This Code supplements and does not replace or modify the Company's other policies or procedures, including provisions of the Company's current employee handbook(s) and other statements of policy or procedure issued from time to time.

Ethical behavior is everyone's responsibility. You must:

- Know and comply with the requirements and expectations that apply to your job, which includes following this Code.
- Promptly report suspected violations of law or the Code.
- Cooperate with any investigation of potential ethical or business conduct violations.
- Seek assistance when you have questions about the Code or when faced with a challenging ethical situation.
- Never act unethically, even if directed by another person to do so.
- Never retaliate against an individual because that individual has reported a suspected violation of the Code.

If a potential course of action seems questionable, please seek guidance from your supervisor or our Compliance Officer (currently Deb Peterson). We encourage open communications regarding the possible violation of the Company's ethical principles and business practices.

*Karen L. VanDerBosch*

COO/CFO

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## ***Compliance with Laws and the Code of Ethics and Business Conduct***

**All MakeMusic Representatives are expected and directed to comply with all laws and MakeMusic's Code of Ethics and Business Conduct.**

Each Representative has an obligation to behave according to ethical standards that comply with our policies and the letter and spirit of applicable laws, rules and regulations. It is everyone's responsibility to know and understand legal and policy requirements as they apply to his or her Company responsibilities.

**Employees, officers and directors should promptly report all known or suspected violations of applicable law or the Company's ethical principles** to his or her supervisor or Deb Peterson, our Compliance Officer. Or, as an alternative, he or she may call the Compliance Hotline 866-384-4277 (toll free) or via the web at:

<https://secure.ethicspoint.com/domain/media/en/gui/7862/index.html> ,an independent provider, to report suspected violations or incidents that he or she believes do not meet Company standards.

## ***Administration of the Code***

**The Board of Directors, with appropriate help from certain committees, will set the standards of conduct in this Code and oversee the procedures to implement the Code.**

Our Board of Directors is responsible for setting the standards of business conduct contained in the Code and updating the standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the Company, industry practices, our business practices and the prevailing ethical standards of the communities in which we operate. While implementation of the Code will be managed by our Board of Directors, Governance Committee and Audit Committee (with respect to our financial reporting process and internal control system), it is the individual responsibility of each Representative to comply with this Code.

## ***Accuracy of Company Records***

**Each Representative must help maintain the integrity of MakeMusic's financial and other records.**

Management, directors, shareholders, creditors, and others depend on Company's business records for reliable and accurate information. Officers and employees are responsible for ensuring that the Company's books, records, accounts and financial statements appropriately and accurately reflect its transactions and conform to applicable legal and accounting requirements and the Company's system of internal controls. Similarly, directors are required to familiarize themselves with the Company's operations, understand the Company's financial statements and monitor the integrity of the Company's financial reporting process. The Company is committed to full, fair, accurate, timely and understandable disclosure in all reports filed with the Securities

and Exchange Commission (“SEC”) and in other public communications. Each Representative is required to provide truthful, complete and timely information in support of this commitment.

There is no excuse for participating in the creation of or failing to report a deliberately false or misleading Company record. In addition, no Representative may destroy, alter, falsify or cover up documents with the intent to impede or obstruct any investigation of suspected wrongdoing.

Representatives must not participate in any misstatement of the Company’s accounts, and they must avoid improper influence on the conduct of an audit. No circumstances justify the maintenance of “off-the-books” accounts. All arrangements or contracts under which funds are disbursed shall accurately state the purposes for which these funds are paid and shall not be misleading.

Business records and communications often become public. Therefore, Representatives are expected to avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of individuals or companies that could be misunderstood. This obligation applies in any communication, including, but not limited to e-mail, internal memoranda and formal reports.

Unless we are involved in current or pending litigation or an investigation, Company records, including computer and other electronic records and any written materials containing confidential information (as defined below), should be retained or destroyed in a consistent manner and in accordance with any formal record retention policies maintained by the Company. In the event of litigation or governmental investigation, Representatives are expected to consult the Company’s legal counsel concerning the records they hold. Destruction or falsification of any document that is potentially relevant to litigation, a violation of law or a government investigation could lead to penalties or prosecution for obstruction of justice.

### ***Securities Trading Policies***

#### **Never trade MakeMusic stock or other securities on the basis of non-public information.**

There are times when Representatives possess material information about the Company, or about a company with which the Company does business, that is not known to the investing public. Such insider information may relate to, among other things, strategies, plans, new products or processes, mergers, acquisitions or dispositions of businesses or securities, problems facing the company, sales, profitability, negotiations relating to significant contracts or business relationships, significant litigation or financial information.

If any information is of the type that a reasonable investor would consider important in reaching an investment decision, the Representative who possesses such information must not buy or sell securities of the company to which such information relates, nor

provide the information to others, nor use such information for any purpose other than conducting Company business, until such information becomes public. These restrictions also apply to the immediate family and household members of persons subject to this Code. You are responsible for ensuring that your family members, others living in your household, and your affiliates do not take part in transactions that you would not be able to engage in due to your knowledge of non-public information.

Use of material, non-public information in the above manner is not only illegal, but also unethical. In addition to potential civil and criminal penalties and fines, Representatives who directly or indirectly involve themselves in illegal insider trading will be subject to disciplinary action by the Company, up to dismissal or removal for cause. In order to ensure compliance with laws against insider trading, we maintain the "Policy Statement on Inside Information and Securities Trading," which contains more detailed directions regarding this matter.

All questions regarding this policy should be referred to our Compliance Officer.

### ***Contact with Government Officials and Agents***

**MakeMusic complies with all applicable laws, rules and regulations relating to lobbying or attempting to influence government officials.**

No Representative has authority to offer payments to a government official to induce that official to affect any government act or decision in a manner that will assist the Company to obtain or retain business. Furthermore, every Representative is obligated by Company policy and federal law to keep books, records, and accounts that accurately and fairly reflect all transactions and dispositions of Company assets. All activities that might constitute lobbying or attempts to influence government officials must first be reviewed with and approved by legal counsel.

Before doing business with any foreign, national, state or local government, a Representative must know the applicable rules. A number of U.S. laws and regulations address when U.S. government personnel may or may not accept business gratuities and when representatives of a U.S. company can offer business gratuities to personnel of foreign governments. For example, the Foreign Corrupt Practices Act ("FCPA") will generally apply to the Company and anyone acting on behalf of the Company. The FCPA prohibits any payment or offer of payment to a "foreign official" for the purpose of influencing that official to assist in obtaining or retaining business for an entity. The term "foreign official" has broad application and may include individuals not typically understood to be government officials. The FCPA applies to any act or event that is "in furtherance of" a payment to a foreign official. This provision covers not only the actual payment of money but also an offer, promise or authorization of the payment of money and an offer, gift, promise or authorization of the giving of "anything of value."

Violations of the FCPA or other U.S. bribery laws may result in civil or criminal penalties to the Company or to individual Representatives. Many foreign governments also prohibit such behavior. If you are in doubt, do not make the mistake of interpreting the

rules by yourself. If you are an employee, you must discuss the matter with your supervisor or our Compliance Officer. If you are an officer or director, you must discuss the matter with the Board of Directors and, as appropriate, legal counsel.

In the event that you are contacted by a government official or investigator who requests a telephone or personal interview, or is seeking any information or documents, you should be aware of the following:

- The government is not forbidden from contacting you and requesting to speak with you.
- You have the right to choose whether or not to speak with the government representative. You have every right to refuse to speak with the representative. If you decide to speak, you may have an attorney present. In most cases, if the inquiry is related to your service as a Representative of the Company and the representation is arranged in advance, the Company will reimburse reasonable attorney's fees that you incur.
- Under all circumstances, remember that you must tell the truth to government representatives. In many cases, failure to do so, in and of itself, is a violation of the law.
- Do not destroy any documents related to such matter or attempt to hide evidence. Destroying evidence is a crime. In addition, while you may believe that you are helping the Company or protecting yourself, it will cause considerable damage to all of our reputations and may have significant legal ramifications.

### ***Fair Dealing with Competitors, Customers and Suppliers***

**Representatives must respect the rights of competitors, customers and suppliers.**

Our success depends on building productive relationships with our customers and suppliers based on integrity, ethical behavior and mutual trust, and we strive to outperform our competition fairly and honestly. Each Representative must deal fairly with our customers, suppliers and competitors. No one should take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair dealing, and no one should engage in practices that could obstruct competition within our industry.

### ***Business Courtesies and Gratuities***

**Representatives may not give or receive bribes or gifts of substantial value.**

Representatives may only exchange nonmonetary and modestly-valued gifts that promote goodwill with our business partners and do not improperly influence others. We

will accept only approved and widely available discounts and do not encourage, accept or exchange gratuities or payments for providing services to others.

Business courtesies such as meals, transportation and entertainment provided to a customer must be modest in amount and related to a legitimate business purpose (e.g., explanation or demonstration of Company products, application of products, service capabilities, or training). Such courtesies must not violate the law, regulations, or reasonable customs of the market-place. If you have any question about whether any business courtesies, gratuities or gifts are appropriate, please contact your supervisor or our Compliance Officer.

### ***Conflicts of Interest***

**Each Representative must avoid any situation in which his or her personal interests conflict with or interfere with MakeMusic's interests.**

Each Representative owes the Company a duty of loyalty. The duty of loyalty requires Representatives to make business decisions solely in the best interests of the Company and its shareholders and to advance the interests of the Company, rather than their own interests, when a legitimate opportunity arises. Representatives are generally free to engage in outside activities of their choice. It is important, however, that such activities do not adversely affect the Company's business, involve misuse of Company position or resources, divert for personal gain any business opportunity from which the Company may profit, or constitute a potential source of discredit to the Company name.

A conflict of interest exists when a Representative receives improper personal benefits as a result of the person's position with the Company or gains personal enrichment through access to confidential information. A conflict situation can also arise when a Representative takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. For that reason, all Representatives must exercise great care not to allow their personal interests to conflict with the Company's interests. Each Representative shall act with honesty and integrity, avoiding actual or apparent conflicts of interest between personal and professional relationships.

The following is a non-exhaustive list of examples of conflicts of interest:

- Serving as a director, officer, employee, or consultant, or otherwise operating any other business (including but not limited to a competitor, supplier or customer of the Company), if the demands or interests of such other business would materially interfere with the loyalty or responsibilities of the employee, officer or director to the Company.
- Having a substantial equity, debt, or other financial interest in any competitor, supplier or customer.
- Taking for oneself personally a Company business opportunity discovered through the use of Company information or as the result of a Company position.

- Having a financial interest in any transaction involving the purchase or sale by the Company of any product, material, equipment, service or property.
- Misusing the Company's confidential or proprietary information, including the unauthorized disclosure of such information.
- Accepting gifts or other benefits from a supplier to the Company.
- Using the Company's materials, equipment or other assets for any unauthorized or undisclosed purpose.
- Receiving loans or guarantees of obligations from the Company without the authorization of the Board of Directors.

The foregoing activities, along with any other situation that a Representative believes involves, or may reasonably be expected to involve, a conflict of interest with the Company, are prohibited unless the Representative is otherwise notified by an officer (with respect to an employee) or the Board of Directors (with respect to an officer or director). An employee who believes that a conflict of interest exists must promptly inform his or her supervisor or the Company's Compliance Officer. The person who receives this information will report the matter to the Governance Committee for review subject to the guidelines specified in the committee's charter. An officer or director who believes that a conflict of interest exists must promptly report the matter to the Governance Committee or the Board of Directors.

Directors and officers of the Company, along with their immediate family members, may have additional obligations pursuant to related party transaction policies that may be adopted by the Board of Directors from time to time.

### ***Political and Charitable Contributions and Related Policies***

**MakeMusic's Board of Directors monitors all charitable contributions made on behalf of the Company, and generally prohibits the use of MakeMusic funds or resources for political contributions.**

The Board of Directors may permit the Company's funds and resources to be contributed to charitable or political causes only upon finding that the contribution would be permitted by law and would be consistent with the interests of the Company and its shareholders. In the discretion of the Board of Directors, the Company may publicly disclose the amounts and recipients of contributions, including contributions provided to or through a third party. Company policy does not permit the use of any Company facilities or resources by Representatives for political campaigning, political fundraising or partisan political purposes. The decision by a Representative to contribute any personal time, money or other resources to a political campaign or political activity must be totally voluntary.

## ***Intellectual Property and Confidential Information***

**MakeMusic invests substantial resources in developing proprietary intellectual property and confidential information.**

Confidential information is information that is not generally known or readily available to others. It includes non-public information that might be of value to competitors if it were disclosed. It must not be shared with others outside the Company except pursuant to approved business relationships or when required by law. Confidential information includes, but is not limited to, intellectual property and trade secrets, technical know-how, business plans and information, marketing and sales programs and information, customer and prospective customer information and lists, pricing information and policies, financial information, personnel information such as salaries, benefits and performance information, and any other information which the Company deems confidential.

Each Representative must protect the Company's confidential information as well as that of its customers, suppliers and third parties who disclose information to the Company in confidence. A Representative must not accept confidential information from a third party, including competitors, unless specifically authorized to do so by an authorized supervisor or officer (with respect to an employee) or the Board of Directors (with respect to an officer or director), and following an appropriate grant of rights from such third party.

Every Representative must actively protect confidential information, including by refraining from discussing sensitive matters in non-private places, limiting access to work areas, disposing of documentation in accordance with Company policies and directions, and not removing such information from our premises except as expressly authorized. Any request for confidential information, including a subpoena or any legal process, should be immediately referred to our Compliance Officer.

## ***Protection and Proper Use of Company Assets***

**Our shareholders trust us to manage MakeMusic assets appropriately.**

Collectively, Representatives have a responsibility to safeguard and make proper and efficient use of the Company's assets. Each Representative has an obligation to protect the Company's tangible and intangible property from loss, damage, misuse, theft, embezzlement or destruction. Company equipment, supplies and other assets must be used for legitimate business purposes unless otherwise specifically authorized.

## ***Behavior in the Workplace***

**MakeMusic is committed to providing equal opportunity in employment and will not tolerate illegal discrimination or harassment.**

Each Representative must assist the Company's efforts to maintain a safe, diverse and productive work environment, and each Representative has a personal responsibility to other Representatives to help eliminate actions or circumstances that undermine the desired environment. The Company expects all Representatives to accomplish their work in a respectful, businesslike manner with a concern for the well-being of their colleagues. Discrimination and harassment are prohibited. Please refer to applicable portions of our Employee Handbook for guidance related to personal behavior in the workplace.

### ***Public Disclosure of Code and Waivers***

The existence and content of this Code is disclosed to shareholders and may be available on the Company's website. It is expected that waivers of this Code rarely, if ever, would be acceptable. Any waiver a provision of Code for an executive officer or director may be granted only by the Board of Directors, with only the independent members voting, or an appropriate Board Committee consisting of independent directors, and such waiver must be promptly disclosed to shareholders.

### ***Accountability for Adherence to the Code***

**Each Representative must accept responsibility for adherence to this Code.**

Violations of this Code may lead to serious sanctions, including discipline up to and including immediate termination or removal, in the sole discretion of the Company or the Board of Directors. In addition, the Company may seek civil recourse against a Representative and/or refer alleged criminal misconduct to law enforcement agencies.

### ***Reporting Any Suspected Illegal or Unethical Behavior***

**MakeMusic maintains an open door policy and an anonymous telephone hotline for employees to raise concerns and to encourage the reporting of suspected violations of law or this Code without fear of retribution or retaliation.**

The Governance Committee and the Board of Directors are responsible for monitoring compliance with this Code, provided that complaints relating to financial and accounting practices will be reviewed by the Audit Committee. If you are an employee and have questions about an ethical situation, you are encouraged to talk with your supervisor or with our Compliance Officer about any intentional or unintentional behavior you believe may be illegal or unethical. You will be assured confidentiality, to the limit of the law. If you do not feel it is appropriate to discuss the issue with these persons, the Company has established a hotline so that you can report concerns or potential violations anonymously (see below).

Anonymous callers should supply detailed information to address the concern.

Please refer to our Employee Handbook for reporting procedures when questions or potential violations arise that are not related to the Company's financial and accounting practices.

Neither the Company nor any Representative may retaliate against any individual for good faith reporting of a potential violation of this Code. If you feel you have been retaliated against for making a good faith report, you should immediately contact your supervisor, our Compliance Officer or the Compliance Hotline.

## **COMPLIANCE HOTLINE**

Toll-free and anonymous 866-384-4277  
Website: [https://secure.ethicspoint.com/domain/en/report\\_custom.asp?clientid=7862](https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=7862)

## ***Coordination with Other MakeMusic Policies***

The provisions of this Code are in addition to, and do not modify, replace or supersede, the Company's other policies or procedures including, but not limited to, those policies and procedures set forth in the Company's Employee Handbook and the Company's other statements of policy or procedure, whether written or oral.

Additionally, this Code does not constitute a contract of employment between the Company and its Representatives. If you are an employee and do not have a written employment agreement with the Company, you are an employee at-will. This means that you have the option of resigning from your employment at any time, for any reason or no reason, with or without prior notice. Conversely, the Company has the same option to terminate your employment at any time, for any reason or no reason, with or without prior notice.

## ***Monitoring***

**MakeMusic will periodically reaffirm its commitment to compliance with the Code of Ethics and Business Conduct.**

MakeMusic intends to conduct periodic training sessions regarding the Code and will provide additional resources regarding ethics to any Representative upon request. In addition, the Company will periodically distribute copies of the Code and the Certification of Compliance card to each Representative to remind such persons of the contents of the Code as well as to reestablish their commitment to compliance with it.

**Please make sure you return your  
Certificate of Compliance**

## ***CERTIFICATE OF COMPLIANCE***

**This Certificate must be read and signed by all employees, officers and directors.**

I certify that I have received, read and understood the MakeMusic, Inc. Code of Ethics and Business Conduct. I understand what types of conduct violate these policies. I agree to comply with the terms of the Code and understand that violation of these terms may result in discipline up to and including immediate termination of employment or removal, in the discretion of the Company.

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Employee, Officer or Director Signature

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Date

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Location

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Printed Name

Return to:

Deb Peterson  
MakeMusic, Inc.  
7615 Golden Triangle Drive  
Ste M  
Eden Prairie, MN 55344

(952) 906-3613