

# CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS<sup>1</sup>

## 1. Introduction<sup>2</sup>

SKYE, Inc., and its subsidiary companies (each a “Company” and, together, the “Companies”) are committed to maintaining the highest standards of ethical conduct. This Code of Business Conduct and Ethics for Directors (Code) reflects the business practices and principles of behavior that support this commitment. Our Boards of Directors are responsible for setting the standards of conduct contained in the Code and for updating these standards as appropriate to reflect legal and regulatory developments. We expect every director to read and understand this Code and its application to the performance of his or her responsibilities. We will hold each of our directors accountable for adherence to this Code.

## 2. Compliance Officer

Each Company has designated the General Counsel of SKYE, Inc. as its Compliance Officer to administer this Code. Directors, at their discretion, may make any report or complaint provided for in this Code to the Chairman of the Board of the respective Company or to the Compliance Officer. The Compliance Officer will refer complaints submitted, as appropriate, to the Chair of the Skye, Inc. Corporate Governance Committee or to the full Board of Directors.

## 3. Compliance With Applicable Laws

Directors must comply with all of the laws, rules, and regulations of the United States and other countries, as well as the states, counties, cities, and other jurisdictions, applicable to either Company or its business.

This Code does not summarize all laws, rules, and regulations applicable to the Company or its business. The Companies will provide to the directors copies of the various guidelines and materials the Companies have prepared on specific laws, rules, and regulations, including antitrust laws; securities laws concerning disclosure requirements and insider trading; and anti-bribery laws, including foreign corrupt practices. These issues, and others, also are discussed in compliance booklets produced by the Companies. Directors should consult with the Chairman of the Board or the Compliance Officer if they have questions about laws that they think may be applicable to either Company or its business or are interested in obtaining copies of existing compliance booklets.

## 4. Conflicts Of Interest

A “conflict of interest” may exist whenever the interests of a director conflict in any way (or even appear to conflict) with the interests of a Company. While our directors should be free to make personal investments and enjoy social relations and normal business courtesies, they must not have any interests that adversely influence the performance of their responsibilities. A conflict situation can arise when a director takes actions or has interests that may make it difficult to perform his or her

Company responsibilities objectively. Conflicts of interest also may arise when a director, or a member of his or her family, receives improper personal benefits as a result of his or her position with a Company, whether received from that Company or a third party. Gifts above a “de minimis” value to, loans to, or guarantees of obligations of, directors, or their respective family members may create conflicts of interest.<sup>3</sup> Federal law prohibits personal loans from the Company to directors and executive officers.

Although it is not always possible to avoid conflicts of interest, it is each Company's policy to prohibit such conflicts when possible. Conflicts of interest may not always be clear-cut, so if directors have a question, they are encouraged to consult with the Chairman of the Board or the Compliance Officer. Any director who becomes aware of a conflict or potential conflict should bring it to the attention of the Chairman of the Board or the Compliance Officer.

#### 5. Corporate Opportunity

Except as may be approved by the Board of Directors or a committee of independent directors, directors are prohibited from (a) taking for themselves personally any opportunities that belong to either Company or are discovered through the use of corporate property, information, or position; (b) using corporate property, information, or position for personal gain; and (c) competing with the Company or Companies.<sup>4</sup>

#### 6. Confidentiality

All directors must maintain the confidentiality of confidential information entrusted to them by either Company, except when the applicable Company authorizes disclosure or required by laws, regulations, or legal proceedings. The term “confidential information” includes, but is not limited to, non-public information that might be of use to competitors of the Company, or harmful to the Company or its customers if disclosed. Whenever feasible, directors should consult the Chairman of the Board or the Compliance Officer if they believe they have a legal obligation to disclose confidential information.

#### 7. Fair Dealing

Each director should endeavor to deal fairly with the respective Company's customers, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. Inappropriate use of proprietary information, misusing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Under the laws of Nevada, where each Company is incorporated, a director must perform his or her duties in good faith, acting honestly, free from the intention to defraud.

## 8. Protection And Proper Use Of Company Assets

All directors should perform their duties in a manner that protects the Company's assets and ensures their efficient use. All Company assets should be used for legitimate business purposes.

## 9. Accounting Complaints

The Audit Committees of the Boards of Directors are responsible for establishing procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters. Directors who have concerns or complaints regarding such matters are encouraged to promptly submit those concerns or complaints to the Compliance Officer or to the appropriate Audit Committee which, subject to its duties arising under applicable law, regulations, and legal proceedings, will treat such submissions confidentially. Such concerns or complaints may be made anonymously.

## 10. Reporting Any Illegal Or Unethical Behavior

Directors are encouraged to promptly contact the Chairman of the Board or the Compliance Officer if the director believes that he or she has observed illegal or unethical behavior by any employee, officer, or director, or by anyone purporting to be acting on either Company's behalf and, the reporting director has any doubt about the best course of action in a particular situation. Any such reports may be made anonymously. Confidentiality will be maintained, to the extent permitted by law.

## 11. Public Company Reporting

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission be full, fair, accurate, timely, and understandable. Directors may be asked to provide information necessary to assure that the Company's public reports meet these requirements. The Company expects directors to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements.

## 12. Amendment, Modification And Waiver

This Code may be amended, modified, or waived by the respective Company's Board of Directors, subject to the disclosure and other provisions of the Securities Exchange Act of 1934, and the rules thereunder and the applicable rules of the New York Stock Exchange or American Stock Exchange. As a general policy, the Boards of Directors will not grant waivers to the Code.

<sup>1</sup> As adopted by the Boards of Directors of SKYE, Inc. on August 1, 2005.

<sup>2</sup>This Code sets forth key principles for guiding ethical conduct of each Company's directors. These principles also are reflected in the specific, detailed policies set forth in the SKYE, Inc. policy handbook for employees, Standards for Personal Conduct and Business Decisions, and other policies, practices, and procedures adopted by the Companies and specific business or support groups.

<sup>3</sup> Under the laws of Nevada, where each Company is incorporated, each director must exercise his or her powers in the interests of the applicable Company and its shareholders and not in his or her own interest or in the interest of another person or organization. However, transactions involving director conflicts are not inherently improper if they are disclosed to and approved by a Company's Board of Directors or shareholders, or if they are "just and reasonable" to the Company at the time authorized, approved, or ratified.

<sup>4</sup> Under the laws of Nevada, where each Company is incorporated, a director may not use his or her position to make personal profit or gain or for other personal advantage.