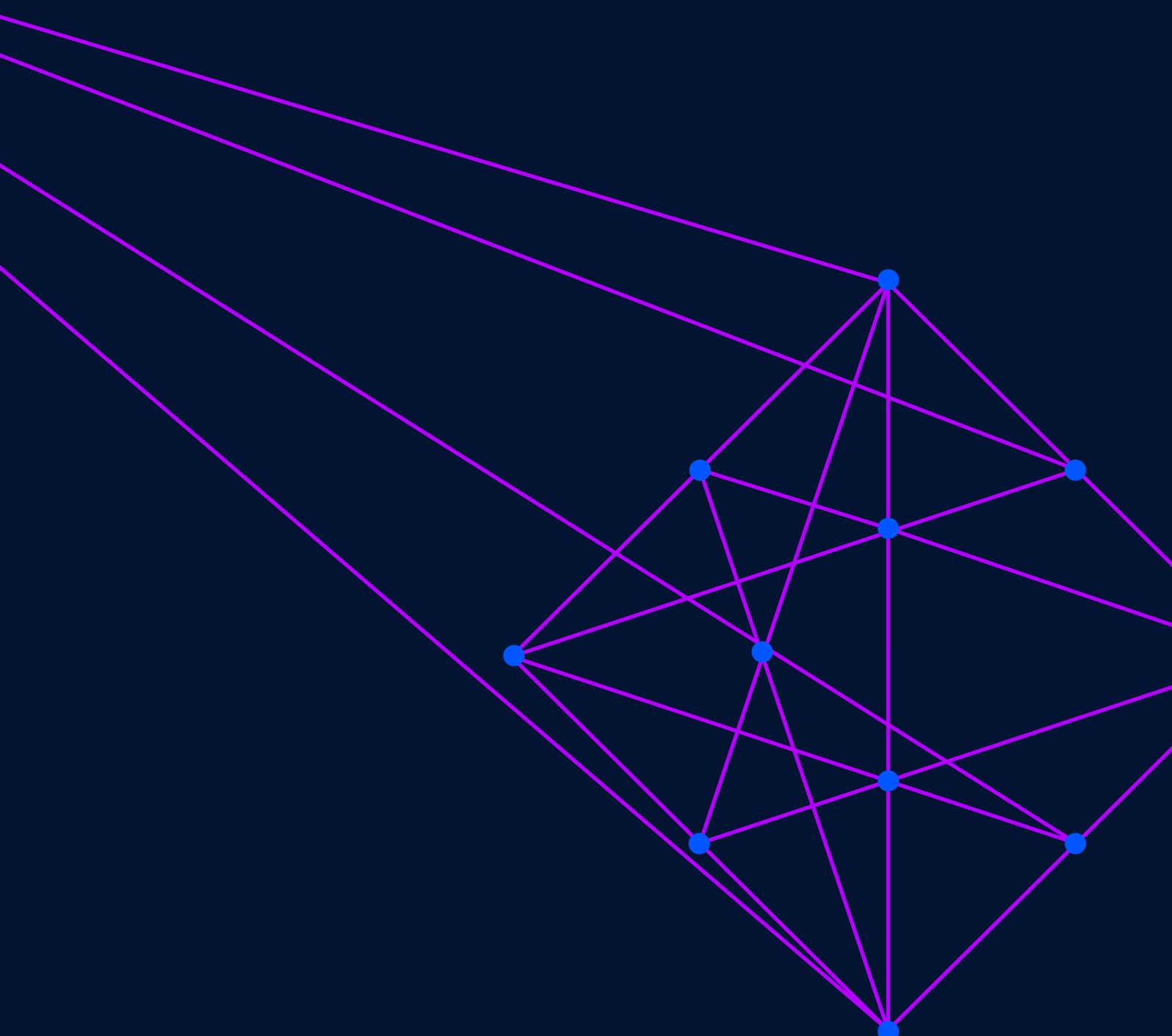




THE ELASTIC NETWORK

ECI Telecom
Corporate Code of Ethics





From Darryl Edwards President and CEO



We, at ECI, pride ourselves on our reputation for **integrity**. The **trust** and **confidence** of our customers, investors and employees is one of our greatest assets. Our goal is to **exceed** the expectations of these communities through the adoption of the highest **ethical standards** at all times.

Exceptional performance, standards of doing business, our quality of in the company and ethical behavior are intertwined. To maintain our global success, we must continue to build our brand reputation with integrity, and ensure that we act accordingly by committing to the highest standards of ethical behavior.

The ECI Code of Conduct serves as the basis for legal and ethical standards that should guide us in our daily activities and behaviors. It sets forth our expectations of what it means to act ethically and within the boundaries of the law, and provides a framework of how to act on many issues.

As ECI employees, we are required to comply with the standards and procedures the Code sets forth. We expect you to read the Code, be familiar with it, act according the standards it sets forth, and seek advice from your managers when uncertain whether particular activities or behavior comply with the code.

ECI competes in dynamic and rapidly evolving markets. In this environment of unprecedented change and opportunity, our path to continued success and growth is clear – uniting under a common vision and shared values, and consistent standards of ethical conduct.



Darryl Edwards
President and CEO



Purpose

The ECI Corporate Code of Ethics, which has been adapted by our Board of Directors, consists of values and rules of conduct followed by guidelines and policies which are designed to promote honest and ethical conduct and to deter wrongdoing as well as ensure compliance with applicable laws and regulations. The Corporate Code of Ethics also expresses our policies regarding our relationship with customers, employees, agents of the company, suppliers, environment, community, and the business community. Our Corporate Code of Ethics represents the foundation on which our organizational culture and conduct as a global company is based, and serves as the base for the way we conduct ourselves within the company and when doing business with third parties.

ECI is now a private company and does not report to the SEC. ECI's Board of Directors has determined that the company shall continue to act under the same level of corporate governance as it did as a public company and when feasible, should further enhance the corporate governance in related areas.

Our corporate policy is to enhance the qualifications of the Code of Ethics as a program that is reasonably designed, implemented and enforced so as to be generally effective in promoting honest and ethical conduct and in deterring wrongful conduct.

The ECI Corporate Code of Ethics shall be managed and administered by the Executive Officers of the Company (the "Executive Officers").

Standards of Conduct

It is the Company's policy to observe and comply with all Laws (laws, rules and regulations of government agencies and authorities) applicable to it or the conduct of its business wherever located. In some situations the applicable Law of Israel or other regions may conflict with the applicable Law of another country. In such cases the Company will endeavor to resolve such conflict following the guidance of its Legal Department. Where such a conflict cannot be resolved, the applicable Law of Israel will be observed and complied with by the Company.

In ECI, loyalty to the Company or a desire for profitability may not be pursued, if it is inconsistent with the Code of Ethics or any applicable law or Company policy.

It is the personal responsibility of each employee and agent of the Company to adhere to the standards and restrictions, whether imposed by Law or the Code of Ethics, applicable to his or her assigned duties and responsibilities and to conduct himself or herself accordingly. Such standards and restrictions require each employee and agent to refrain from, and avoid, any activities which would involve the Company in any practice which is not in compliance with the Code of Ethics. Any employee or agent who does not adhere to such standards and restrictions is acting outside the scope of his or her employment or agency.

ECI Core Values

Our Customers

We are dedicated to creating value for our worldwide customers by developing and providing technologically advanced solutions and services. We build lasting relationships with our customers by listening, understanding, and anticipating our customers' needs. We are easy to do business with and always strive to be responsive and professional. ECI customers can trust our commitment to their success.

Integrity

We are committed to conduct ourselves in a manner consistent with the highest standards of integrity. We are honest, ethical, and fair in all our activities. We keep our word, deliver on our promises, and acknowledge our mistakes. Our personal and business conduct ensure that ECI is a company worthy of trust.

Respect for Individuals

We treat one another with respect and dignity, appreciating individual, cultural, and national differences. We seek to learn and therefore we listen to one another attentively and compassionately and communicate often and openly. Recognizing that valuable ideas can come from anyone regardless of level or position, we encourage individuals to express their views and use their talent to the fullest. Company policy prohibits discrimination against employees, stockholders, directors, officers, customers or suppliers on account of race, color, age, sex, religion or national origin. All persons shall be treated with dignity and respect.

Team Spirit

At ECI, our team spirit binds us together, transcending organizational, functional, and geographic boundaries. We work hard towards a common goal and deliver beyond expectations. We cooperate, collaborate, and empower one another in recognition that a global effort translates into exceptional solutions and services.

Innovation

We constantly strive to redefine the standard of excellence in everything we do. Therefore, we are open to ideas that challenge the convention, seek diversity of views and drive innovation. We encourage both individuals and teams to constantly search for innovative technologies and creative business solutions and recognize their achievements.

Ethical Practices

The following ethical business practices have been adopted by our Company:

Bribery, Presents or Receipt of Consideration

Company policy prohibits direct or indirect bribes, kickbacks and other similar payoffs and benefits paid to suppliers, distributors, customers, business partners, or other third parties, nor may any employee receive directly or indirectly any benefit or present for performing, or for avoiding to perform, any activity on behalf of the Company or related to his/her work.

Accounting Controls, Procedures & Records

Applicable laws and Company policy require the Company to keep books and records that accurately and fairly reflect its transactions and the dispositions of its assets.

Use & Disclosure of Inside Information

Company policy prohibits disclosure of material inside information to anyone other than persons within the Company whose ability to perform their assigned duties will be compromised without the knowledge of such information.

Confidential or Proprietary Information

Company policy prohibits employees from disclosing confidential or proprietary information outside the Company, either during or after employment, without Company written authorization to do so.

Conflicts of Interest and Sensitive Transactions

Employees at all levels must promote the interests of the company above their own personal interests. Company policy prohibits conflicts between the interests of its employees and the Company and requires immediate disclosure to the Company in any such possible conflicts. Company policy prohibits its employees and agents from entering into sensitive transactions (“sensitive transactions” include a broad range of business dealings generally considered to be either illegal, unethical, immoral or to reflect adversely on the integrity of the Company).

Fraud & Similar Irregularities

Company policy prohibits fraud or any fraudulent act, by any employee for his own benefit or for the company’s benefit.

Ethical Practices

Accurate Reporting

When required to make reports to the Company, all employees and agents shall do so fully and accurately and shall include all material information in order to ensure the recipient has all required information.

Use of Company Assets

Employees, officers, agents and directors should seek to protect the Company's assets. Theft, carelessness and waste have a direct impact on the Company's financial performance. Employees, officers and directors must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else. However, limited reasonable use for personal interests of company assets such as computers, e-mail, cellular phones, etc is permitted. But any use of such items for personal business use or illegal or immoral activities may result in the termination of the employees, officer or agent for cause. Since the aforesaid items are owned by the Company, the Company shall have the right from time to time randomly or for cause to access or monitor these items, and the employees, officers, agents and directors hereby expressly provides their consent to such actions. Employees, officers, agents and directors must advance the Company's legitimate interests when the opportunity to do so arises. You must not take for yourself personal opportunities that are discovered through your position with the Company or the use of property or information of the Company.

Delegation of Discretionary Authority

No employee of the Company shall delegate discretionary authority to any individual who such employee knows, or through the exercise of due diligence should know, has a propensity to engage in illegal activities.

Ethical Practices

Commitment to the Community, Human Rights, Working Environment, Safety and Protecting the Environment

- We have a duty of care to protect life and to safeguard people
- We should give priority to the safety and well-being of other employees, customers, subcontractors and anyone else in our work environment and make sure that reasonable steps are taken to minimize the risk of loss of life, injury or suffering which may result from the work or the effects of our work
- We should draw the attention of those affected to the level and significance of risk associated with the work
- We should assess and minimize potential dangers involved in the manufacture and use of our products or projects
- We should ensure the company or any of the employees, customers, or subcontractors are not exposed to any dangerous or hazardous environmental risks and comply with all applicable environmental laws and regulations

Administration of Code of Ethics

Scope of Code of Ethics

The CEO or General Counsel, in light of the experience of the Company, may appoint an executive officer to be Ethics Officer whose assigned duties will be to manage the ethical program and coordinate it in the Company. The CEO or General Counsel are responsible to review the Code of Ethics, and when necessary or desirable shall make recommendations to the Board of Directors. The Ethics Officer or Executive Officers shall be responsible for the administration of the Code of Ethics. The Executive Officers shall establish such procedures as they shall deem necessary or desirable in order to discharge this responsibility. Such procedures shall provide for obtaining advice of legal counsel where appropriate. In discharging these responsibilities, the Executive Officers may delegate authority to such other employees and may engage such agents and advisors as it shall deem necessary or desirable. In order to ensure the continued dissemination and communication of the Code of Ethics, the Executive Officers of the Company shall take, or cause to be taken, reasonable steps to communicate effectively the standards and procedures included in the Code of Ethics to employees and agents of the Company.

Monitoring and Auditing

The Executive Officers of the Company shall take reasonable steps to monitor and audit compliance with the Code of Ethics, including the establishment of monitoring and auditing systems that are reasonably designed to detect conduct in violation of the Code of Ethics by employees and agents of the Company.

Reporting to Board

The CEO or General Counsel shall report to the Board of Directors, at least once a year or as otherwise requested, regarding the implementation and compliance of the Code of Ethics.

Reporting System

It shall be a violation of this Corporate Policy to intimidate or impose any form of retribution on any employee or agent who utilizes such reporting system in good faith to report suspected

Administration of Code of Ethics

violations (except that appropriate action may be taken against such employee or agent if such individual is one of the wrongdoers). Any employee who becomes aware of any possible breach of this Code, must notify the Ethics Officer or the General Counsel of the Company. The Company will use reasonable efforts to avoid disclosing the name of any person who shall report in good faith any possible breach.

Investigation of Violations

If, through operation of the Company's compliance monitoring and auditing systems or its violation reporting systems or otherwise, the Company receives information regarding an alleged violation of the Code of Ethics, the person or persons authorized by the Executive Officers to investigate alleged violations of the Code of Ethics shall, as appropriate:

- Evaluate such information as to gravity and credibility
- Initiate an informal inquiry or a formal investigation with respect thereto
- Prepare a report of the results of such inquiry or investigation, including recommendations as to the disposition of such matter
- Make the results of such inquiry or investigation available to the Board of Directors for action
- Recommend changes in the Code of Ethics necessary or desirable to prevent further similar violations
- Keep such investigation confidential to the extent possible

All employees and agents of the Company are expected to fully cooperate with any such investigation. The Company may disclose the results of investigations to law enforcement agencies.

Administration of Code of Ethics

Disciplinary Measures

The Company shall consistently enforce its Code of Ethics through appropriate means of discipline. Pursuant to procedures adopted by it, the Company shall determine whether violations of the Code of Ethics have occurred and, if so, shall determine the disciplinary measures to be taken against any employee or agent of the Company who has so violated the Code of Ethics.

The disciplinary measures, which may be invoked at the discretion of the executive officers, include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, termination of employment with or without severance and restitution.

Persons subject to disciplinary measures shall include, in addition to the violator, others involved in the wrongdoing such as (i) persons who fail to use reasonable care to detect a violation, (ii) persons who if requested to divulge information withhold material information regarding a violation, and (iii) supervisors who approve or condone the violations or attempt to retaliate against employees or agents for reporting violations or violators.

Documentation

Subject to the applicable document retention program, the Company shall document its compliance efforts and results to evidence its commitment to comply with the standards and procedures set forth above.

Our Responsibility Regarding the Code of Ethics:

Know the Code

Be Familiar with the Code. You are expected to be familiar with this code and other related company procedures. No one has the authority or right to order, request or even influence you to violate this code or the law.

As a Manager

You should use your best efforts to ensure that employees understand and comply with this Code.

Making the Right Choices

There will be times when this code won't answer your specific ethical question. That's because no code can anticipate every business situation that might present an ethical dilemma. If you are ever in a situation where the right thing is unclear, apply the Ethics Quick Test. Responding "yes" to any of the questions below may indicate a potential ethics violation or concern:

- Could it harm the reputation of ECI?
- Could it be illegal or is it the wrong thing to do?
- Would it look unfavorable in the newspaper or on the news?
- Would friends, family or the community view it negatively?
- Is it inconsistent with ECI's values, policies and guidelines?

If you answer "yes" to any of the above questions, the following can help you make the right choice:

- Discuss the problem with your manager
- Seek help from other resources such as other management personnel and/or Human Resources representative
- Seek guidance before taking any action that you believe may be, or may appear to be, unethical or improper as well as those who are being investigated

Our Responsibility Regarding the Code of Ethics:

Taking Action to Prevent Ethical Problems

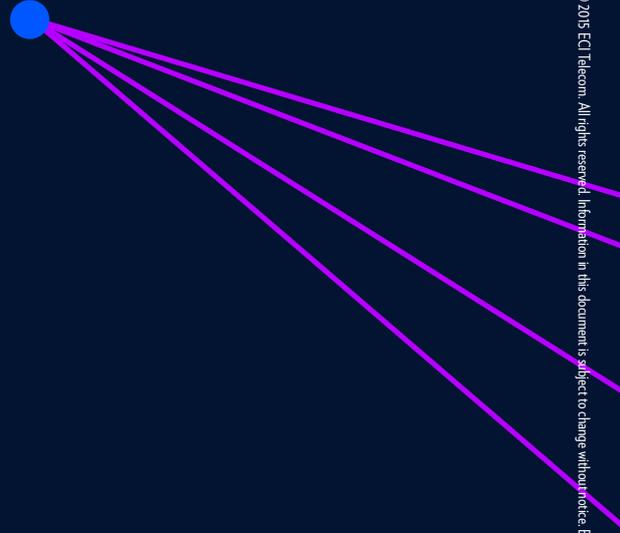
is a critical part of our ethics policy. If you observe any conduct that you suspect may be illegal or in violation of the Code, you should report your concerns. You are encouraged to provide relevant information relating to such suspicions without regard to the position held by the suspected offender.

There are Several Options Available to You:

- Your Manager
- Your local Human Resources
- The Head of Human Resources and Ethics Officer:
Telephone: +972-3-9266604
Email: adi.bildner@ecitele.com
- The Corporate General Counsel:
Telephone: +972-3-9266884
Email: arnie.taragin@ecitele.com
- Anonymously log your concerns at:
<http://corporate.ecitele.com/HR/ethics/>

In order to be better able to respond to any information, we would prefer that you identify yourself and give us your telephone number and other contact information when you make your report. However, we will accept anonymous reports if you so choose.

All notices, reports and information received under this process will be treated in a confidential manner. Every reasonable effort will be made to handle the matter with discretion and to protect the identity of those who make reports as well as those who are being investigated.



ABOUT ECI

ECI is a global provider of ELASTIC network solutions to CSPs, utilities as well as data center operators. Along with its long-standing, industry-proven packet-optical transport, ECI offers a variety of SDN/NFV applications, end-to-end network management, a comprehensive cyber security solution, and a range of professional services. ECI's ELASTIC solutions ensure open, future-proof, and secure communications. With ECI, customers have the luxury of choosing a network that can be tailor-made to their needs today - while being flexible enough to evolve with the changing needs of tomorrow. For more information, visit us at www.ecitele.com

