

**NEUROMETRIX, INC.**

**Code of Business Conduct and Ethics – CEO’s Message**

December 9, 2005

Dear Fellow Employees and Directors:

You will find our Code of Business Conduct and Ethics in the booklet included with this letter. Our Code is a reaffirmation of our commitment to conducting our business ethically and to observing applicable laws, rules and regulations.

NeuroMetrix’s reputation and continued success is dependent upon the conduct of its employees and directors. Each employee and director, as a custodian of NeuroMetrix’s good name, has a personal responsibility to ensure that his or her conduct protects and promotes both the letter of the Code and its spirit of ethical conduct. Your adherence to these ethical principles is fundamental to our future success.

The Code cannot provide definitive answers to all questions. Accordingly, we expect each employee and director to exercise reasonable judgment to determine whether a course of action is consistent with our ethical standards and to seek guidance when appropriate. Your supervisor will often be the person who can provide you with thoughtful, practical guidance in your day-to-day duties. We have also appointed our Chief Financial Officer, W. Bradford Smith, as our Compliance Officer. You should feel free to ask questions or seek guidance from our Compliance Officer.

Please read the Code carefully. If you have any questions concerning the Code, please speak with your supervisor or our Compliance Officer. Once you have read the Code and understand it, please sign the enclosed acknowledgment and return it to our Compliance Officer. You may also be asked periodically in succeeding years to confirm that you have complied with the Code.

I entrust these principles and policies to you. Please give them your thoughtful and frequent attention.

Sincerely,

Shai N. Gozani, M.D., Ph.D.  
President and Chief Executive Officer

# ACKNOWLEDGMENT

I acknowledge that I have reviewed and understand NeuroMetrix, Inc.'s Code of Business Conduct and Ethics (the "Code") and agree to abide by the provisions of the Code.

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Signature

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Name (Printed or typed)

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Position

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Date

# NEUROMETRIX, INC.

## Code of Business Conduct and Ethics<sup>1</sup>

### Introduction

#### *Purpose and Scope*

The Board of Directors of **NeuroMetrix, Inc.** (together with its subsidiaries, “**NeuroMetrix**”) established this Code of Business Conduct and Ethics to aid NeuroMetrix’s directors, officers and employees in making ethical and legal decisions when conducting NeuroMetrix’s business and performing their day-to-day duties.

NeuroMetrix’s Board of Directors or a committee of the Board is responsible for administering the Code. The Board of Directors has delegated day-to-day responsibility for administering and interpreting the Code to a Compliance Officer. W. Bradford Smith, our Chief Financial Officer, has been appointed NeuroMetrix’s Compliance Officer under this Code.

NeuroMetrix expects its directors, officers and employees to exercise reasonable judgment when conducting NeuroMetrix’s business. NeuroMetrix encourages its directors, officers and employees to refer to this Code frequently to ensure that they are acting within both the letter and the spirit of this Code. NeuroMetrix also understands that this Code will not contain the answer to every situation you may encounter or every concern you may have about conducting NeuroMetrix’s business ethically and legally. In these situations, or if you otherwise have questions or concerns about this Code, NeuroMetrix encourages each officer and employee to speak with his or her supervisor (if applicable) or, if you are uncomfortable doing that, with the Compliance Officer under this Code.

#### *Contents of this Code*

This Code has two sections which follow this Introduction. The first section, “**Standards of Conduct**,” contains the actual guidelines that our directors, officers and employees are expected to adhere to in the conduct of NeuroMetrix’s business. The second section, “**Compliance Procedures**,” contains specific information about how this Code functions including who administers the Code, who can provide guidance under the Code and how violations may be reported, investigated and punished. This section also contains a discussion about waivers of and amendments to this Code.

#### *A Note About Other Obligations*

NeuroMetrix’s directors, officers and employees generally have other legal and contractual obligations to NeuroMetrix. This Code is not intended to reduce or limit the other obligations that you may have to NeuroMetrix. Instead, the standards in this Code should be

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<sup>1</sup> Adopted as of July 21, 2004, as amended as of March 11, 2005 and March 15, 2005.

viewed as the *minimum standards* that NeuroMetrix expects from its directors, officers and employees in the conduct of NeuroMetrix's business.

## **Standards of Conduct**

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

NeuroMetrix recognizes and respects the right of its directors, officers and employees to engage in outside activities which they may deem proper and desirable, provided that these activities do not impair or interfere with the performance of their duties to the Company or their ability to act in NeuroMetrix's best interests. In most, if not all, cases this will mean that our directors, officers and employees must avoid situations that present a potential or actual conflict between their personal interests and NeuroMetrix's interests.

A "conflict of interest" occurs when a director's, officer's or employee's personal interest interferes with NeuroMetrix's interests. Conflicts of interest may arise in many situations. For example, conflicts of interest can arise when a director, officer or employee takes an action or has an outside interest, responsibility or obligation that may make it difficult for him or her to perform the responsibilities of his or her position objectively and/or effectively in NeuroMetrix's best interests. Conflicts of interest may also occur when a director, officer or employee or his or her immediate family member receives some personal benefit (whether improper or not) as a result of the director's, officer's or employee's position with NeuroMetrix. Each individual's situation is different and in evaluating his or her own situation, a director, officer or employee will have to consider many factors.

Any transaction or relationship that reasonably could be expected to give rise to a conflict of interest should be reported promptly to the Compliance Officer. The Compliance Officer may notify the Board of Directors or a committee thereof as he or she deems appropriate.

### ***Compliance with Laws, Rules and Regulations***

NeuroMetrix seeks to conduct its business in compliance with applicable laws, rules and regulations. No director, officer or employee shall engage in any unlawful activity in conducting NeuroMetrix's business or in performing his or her day-to-day company duties, nor shall any director, officer or employee instruct others to do so.

### ***Protection and Proper Use of NeuroMetrix's Assets***

Loss, theft and misuse of NeuroMetrix's assets has a direct impact on NeuroMetrix's business and its profitability. Employees, officers and directors are expected to protect NeuroMetrix's assets that are entrusted to them. Employees, officers and directors are also expected to take steps to ensure that NeuroMetrix's assets are used only for legitimate business purposes.

### ***Corporate Opportunities***

Employees, officers and directors owe a duty to NeuroMetrix to advance its legitimate business interests when the opportunity to do so arises. Each employee, officer and director is prohibited from:

- diverting to himself or herself or to others any opportunities that are discovered through the use of NeuroMetrix’s property or information or as a result of his or her position with NeuroMetrix unless such opportunity has first been presented to, and rejected by, NeuroMetrix, or
- using NeuroMetrix’s property or information or his or her position for improper personal gain.

### ***Confidentiality***

Confidential information generated and gathered in NeuroMetrix’s business plays a vital role in NeuroMetrix’s business, prospects and ability to compete. “Confidential information” includes all non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed. Directors, officers and employees may not disclose or distribute NeuroMetrix’s confidential information, except when disclosure is authorized by NeuroMetrix or required by applicable law, rule or regulation or pursuant to an applicable legal proceeding. Directors, officers and employees shall use confidential information solely for legitimate company purposes. Directors, officers and employees must return all of NeuroMetrix’s confidential and/or proprietary information in their possession to NeuroMetrix when they cease to be employed by or to otherwise serve NeuroMetrix.

### ***Fair Dealing***

Competing vigorously, yet lawfully, with competitors and establishing advantageous, but fair, business relationships with customers and suppliers is a part of the foundation for long-term success. However, unlawful and unethical conduct, which may lead to short-term gains, may damage a company’s reputation and long-term business prospects. Accordingly, it is NeuroMetrix’s policy that directors, officers and employees must endeavor to deal ethically and lawfully with NeuroMetrix’s customers, suppliers, competitors and employees in all business dealings on NeuroMetrix’s behalf. No director, officer or employee should take unfair advantage of another person in business dealings on NeuroMetrix’s behalf through the abuse of privileged or confidential information or through improper manipulation, concealment or misrepresentation of material facts.

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

The integrity, reliability and accuracy in all material respects of NeuroMetrix’s books, records and financial statements is fundamental to NeuroMetrix’s continued and future business success. No director, officer or employee may cause NeuroMetrix to enter into a transaction with the intent to document or record it in a deceptive or unlawful manner. In addition, no director, officer or employee may create any false or artificial documentation or book entry for any transaction entered into by NeuroMetrix. Similarly, officers and employees who have responsibility for accounting and financial reporting matters have a responsibility to accurately record all funds, assets and transactions on NeuroMetrix’s books and records.

### *Quality of Public Disclosures*

NeuroMetrix is committed to providing its shareholders with information about its financial condition and results of operations as required by the securities laws of the United States. It is NeuroMetrix's policy that the reports and documents it files with or submits to the Securities and Exchange Commission, and its earnings releases and similar public communications made by NeuroMetrix, include fair, timely and understandable disclosure. Officers and employees who are responsible for these filings and disclosures, including NeuroMetrix's principal executive, financial and accounting officers, must use reasonable judgment and perform their responsibilities honestly, ethically and objectively in order to ensure that this disclosure policy is fulfilled. NeuroMetrix's senior management are primarily responsible for monitoring NeuroMetrix's public disclosure.

## Compliance Procedures

### *Communication of Code*

All directors, officers and employees will be supplied with a copy of the Code upon beginning service at NeuroMetrix. Updates of the Code will be provided from time to time. A copy of the Code is also available to all directors, officers and employees by requesting one from the human resources department or by accessing the company's website at [www.neurometrix.com](http://www.neurometrix.com).

### *Monitoring Compliance and Disciplinary Action*

NeuroMetrix's management, under the supervision of its Board of Directors or a committee thereof or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee, shall take reasonable steps from time to time to (i) monitor compliance with the code, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the Code.

Disciplinary measures for violations of the Code may include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension with or without pay, demotions, reductions in salary, termination of employment or service and restitution.

NeuroMetrix's management shall periodically report to the Board of Directors or a committee thereof on these compliance efforts including, without limitation, periodic reporting of alleged violations of the Code and the actions taken with respect to any such violation.

### *Reporting Concerns/Receiving Advice*

#### Communication Channels

*Be Proactive.* Every employee is encouraged to act proactively by asking questions, seeking guidance and reporting suspected violations of the Code and other policies and procedures of NeuroMetrix, as well as any violation or suspected violation of applicable law, rule or regulation arising in the conduct of the NeuroMetrix's business or occurring on NeuroMetrix's property. **If any employee believes that actions have taken place, may be taking place, or may be about to take place that violate or would violate the Code, he or she is obligated to bring the matter to the attention of NeuroMetrix.**

*Seeking Guidance.* The best starting point for an officer or employee seeking advice on ethics-related issues or reporting potential violations of the Code will usually be his or her supervisor. However, if the conduct in question involves his or her supervisor, if the employee has reported the conduct in question to his or her supervisor and does not believe that he or she has dealt with it properly, or if the officer or employee does not feel that he or she can discuss the matter with his or her supervisor, the employee may raise the matter with the Compliance Officer.



*Communication Alternatives.* Any officer or employee may communicate with the Compliance Officer by any of the following methods:

- In writing (which may be done anonymously as set forth below under “Reporting; Anonymity; Retaliation”), addressed to the Compliance Officer, either by facsimile to or by U.S. mail to: Code of Business Conduct and Ethics Compliance Officer, c/o NeuroMetrix, Inc., 62 Fourth Avenue, Waltham, MA 02451;
- By e-mail to W. Bradford Smith (anonymity cannot be maintained).

*Reporting Accounting and Similar Concerns.* Any concerns or questions regarding potential violations of the Code, any other company policy or procedure or applicable law, rules or regulations involving accounting, internal accounting controls or auditing matters should be directed to the Audit Committee or a designee of the Audit Committee. Officers and employees may communicate with the Audit Committee or its designee:

- in writing to: Designated Audit Committee Member, c/o NeuroMetrix, Inc., 62 Fourth Avenue, Waltham, MA 02451.

Officers and employees may use the above method to communicate anonymously with the Audit Committee.

*Misuse of Reporting Channels.* Employees must not use these reporting channels in bad faith or in a false or frivolous manner.

### **Reporting; Anonymity; Retaliation**

When reporting suspected violations of the Code, NeuroMetrix prefers that officers and employees identify themselves in order to facilitate NeuroMetrix’s ability to take appropriate steps to address the report, including conducting any appropriate investigation. However, NeuroMetrix also recognizes that some people may feel more comfortable reporting a suspected violation anonymously.

If an officer or employee wishes to remain anonymous, he or she may do so, and NeuroMetrix will use reasonable efforts to protect the confidentiality of the reporting person subject to applicable law, rule or regulation or to any applicable legal proceedings. In the event the report is made anonymously, however, NeuroMetrix may not have sufficient information to look into or otherwise investigate or evaluate the allegations. Accordingly, persons who make reports anonymously should provide as much detail as is reasonably necessary to permit NeuroMetrix to evaluate the matter(s) set forth in the anonymous report and, if appropriate, commence and conduct an appropriate investigation.

### **No Retaliation**

NeuroMetrix expressly forbids any retaliation against any officer or employee who, acting in good faith, reports suspected misconduct. Any person who participates in any such retaliation is subject to disciplinary action, including termination.

### ***Waivers and Amendments***

No waiver of any provisions of the Code for the benefit of a director or an executive officer (which includes without limitation, for purposes of this Code, NeuroMetrix's principal executive, financial and accounting officers) shall be effective unless (i) approved by the Board of Directors or, if permitted, a committee thereof, and (ii) if applicable, such waiver is promptly disclosed to NeuroMetrix's shareholders in accordance with applicable United States securities laws and/or the rules and regulations of the exchange or system on which the Company's shares are traded or quoted, as the case may be.

Any waivers of the Code for other employees may be made by the Compliance Officer, the Board of Directors or, if permitted, a committee thereof.

All amendments to the Code must be approved by the Board of Directors or a committee thereof and, if applicable, must be promptly disclosed to NeuroMetrix's shareholders in accordance with applicable United States securities laws and/or the rules and regulations of the exchange or system on which the Company's shares are traded or quoted, as the case may be.