



PACIFIC
BIOSCIENCES®

Code of Business Conduct



PACIFICBIOSCIENCES®

Message from Michael Hunkapiller, Ph.D., Chairman and CEO

Pacific Biosciences has a mission of which its employees can be justly proud. We are committed to ethical standards that should also serve as a source of pride. Pacific Biosciences is committed to maintaining the highest standards of business conduct and ethics.



This Code of Business Conduct reflects the business practices and principles of behavior that support this commitment, and is designed to guide people towards the right ethical choices, to deter wrongdoing and promote the standards set forth herein. This Code does not address every issue that may arise in the course of your work, but it sets out basic principles and standards applicable to all Pacific Biosciences employees, officers, directors and contract personnel on a worldwide basis.

Pacific Biosciences expects you to conduct yourself in accordance with this Code and seek to avoid even the appearance of improper behavior. We expect all Pacific Biosciences employees, officers, directors and contract personnel to read and understand the Code and its application to the performance of their business responsibilities. We also expect our distributors, agents, and other third parties acting on our behalf to adhere to equally high standards.

As we continue to make progress in driving the adoption by the scientific community of our SMRT® technology and products, it is imperative that we do so in a manner that remains consistent with the high ethical standards to which we hold ourselves and each other.

On behalf of the Board of Directors and our executive management team, I would like to thank you for abiding by our Code and helping fulfill our mission.

Sincerely,

Michael Hunkapiller
Chairman and CEO

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INTRODUCTION

Pacific Biosciences (also referred to herein as the “Company”) is committed to maintaining the highest standards of business conduct and ethics. This Code of Business Conduct reflects the business practices and principles of behavior that support this commitment. Pacific Biosciences requires that you conduct yourself in accordance with this Code and seek to avoid even the appearance of improper behavior.

This Code applies to all employees, officers, directors, contract personnel, agents and distributors of Pacific Biosciences (including those of its subsidiaries located anywhere in the world), as well as any other individual or entity acting on behalf of Pacific Biosciences. All Pacific Biosciences employees, officers, directors and contract personnel are expected to read and understand the Code and its application to the performance of their business responsibilities.

Failure to adhere to the Code may result in disciplinary action, up to, and including, termination of your employment or other relationship with the Company, as applicable. Failure to report wrongdoing of which you have knowledge may, in itself, be a basis for disciplinary action.

Officers, managers, and other supervisors are expected to develop in employees a sense of commitment to the letter and spirit of the Code. Those who lead or direct the work of employees or contractors, or any distributors, agents or other third parties acting on our behalf, are also expected to ensure that all such employees, contractors and other third parties conform to Code standards when working for or on behalf of Pacific Biosciences. The compliance environment within each manager’s assigned area of responsibility will be a factor in evaluating the quality of that individual’s performance.

This Code covers a wide range of business practices and procedures and is designed to encourage ethical behavior and promote the standards set forth below. It is intended to advise Pacific Biosciences employees of situations that could possibly result in non-compliance with applicable laws, rules or regulations. While strict compliance with applicable legal requirements is not a new policy, this Code is intended to establish a framework for compliance. This Code does not include all of Pacific Biosciences’ practices that are designed to achieve compliance with legal and ethical requirements, as Pacific Biosciences maintains and implements other policies and procedures that are intended to supplement this Code.

From time to time we may adopt additional policies and procedures with which Pacific Biosciences employees are also expected to comply. However, it is the responsibility of each employee to apply common sense, together with his or her own highest personal ethical standards, in making business decisions where there is no stated guideline in the Code. If an employee is uncertain about a course of action, he or she should consult the Chief Financial Officer or Principal Accounting Officer (each, a “Compliance Officer”) or Pacific Biosciences’ Legal or Human Resources Departments. To the extent that there is any conflict between a national, state or local law, rule or regulation and a policy in this Code, you must comply with the applicable law or regulation; however, if a local custom or policy conflicts with this Code, you must comply with this Code.

Actions by members of your immediate family, significant others or other persons who live in your household also may expose you to the risks of non-compliance with this Code, if those actions involve Pacific Biosciences' business. For example, acceptance of inappropriate payments or gifts by a family member from one of our suppliers could create a conflict of interest and result in a Code violation attributable to you; likewise, the purchase or sale of stock by a family member while in possession of material, non-public information could be a violation of insider trading laws and result in a Code violation attributable to you. Consequently, in monitoring your own compliance with the Code, you should consider not only your own conduct, but also that of your immediate family members, significant others and other persons who live in your household.

You should not hesitate to ask questions about whether any conduct may violate the code, voice concerns, or clarify any ambiguous area. The Legal Department, the Compliance Officer, and the Human Resources Department are resources available to you to answer questions, clarify the policies, and to address violations. In addition, you must be alert to possible violations of the code by others and report suspected violations, without fear of any form of retaliation.

OBLIGATIONS TO PACIFIC BIOSCIENCES

CONFLICTS OF INTEREST

As an employee, you are expected to devote your best efforts and attention to the performance of your job at Pacific Biosciences. Moreover, you are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between your personal interests and the interests of Pacific Biosciences. A conflict of interest exists when your loyalties or actions are divided between Pacific Biosciences' interests and those of another, such as a competitor, supplier, customer or other business entity outside of Pacific Biosciences. Both the fact and the appearance of a conflict of interest should be avoided. If you are unsure as to whether a certain transaction, activity or relationship (e.g., serving on a company's board of directors or on an advisory board) constitutes a conflict of interest, discuss it with your immediate manager, the Compliance Officer, the Human Resources Department or the Legal Department for clarification. Any exceptions to this guideline must be approved in writing by Pacific Biosciences' Human Resources Department and/or Legal Department.

While it is not feasible to describe all possible conflicts of interest that could develop, some of the more common conflicts that employees should avoid include the following:

1. Revealing confidential information to outsiders or misusing confidential information. Unauthorized divulging of information is a violation of this policy whether or not for personal gain and whether or not harm to the Company is intended.
2. Improperly using or disclosing to the Company any proprietary information or trade secrets of any former or concurrent employer or other person or entity with whom obligations of confidentiality exist, or improperly using or authorizing the use of any inventions that are the subject of patent claims of any other person or entity.
3. Accepting or offering substantial personal gifts or excessive entertainment, favors or

payments, to or from competitors, customers, suppliers or potential suppliers, which may be deemed to constitute undue influence or otherwise be improper or embarrassing to the Company.

4. Providing services to any other business entity, supplier or customer, or engaging in self-employment, which either interferes with your employment with Pacific Biosciences, or compromises your ability to act in the interests of Pacific Biosciences.
 - In particular, employees are prohibited from participating as a subject-matter expert for any paid research network or providing advisory services to any organization that contracts with individual consultants to provide industry information to investment firms, except with prior written approval from Pacific Biosciences' Human Resources Department and/or Legal Department.
5. Having a direct or indirect financial interest in, or relationship with, a competitor, customer or supplier, where such interest or relationship might influence in any manner a decision or course of action by the employee that affects Pacific Biosciences, except that ownership of less than 0.1% of the publicly-traded stock of a corporation will not be considered a conflict.
6. Initiating or approving personnel actions affecting the reward or punishment of employees or applicants with whom there is a family relationship or actual, or the appearance of, personal or social involvement.
7. Initiating or approving any form of personal or social harassment of employees.
8. Using Company assets or labor for personal use.
9. Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to Pacific Biosciences.
10. Unlawfully discussing prices, costs, customers, sales or markets with competing companies or their employees.
11. Making any unlawful agreement with distributors with respect to prices.

You should review any personal gift in excess of US\$100 in value in advance with your supervising vice president or another Company vice president, the Compliance Officer, the Human Resources Department or the Legal Department prior to offering or accepting the gift. Please also refer to the Public Communications and the Bribes and Kickbacks policies in this Code, and be sure to accurately document all business expenses, such as gift, meal, travel and entertainment expenses.

For gifts and entertainment for U.S. or foreign government officials, please also refer to the Governments as Customers, Gifts and Entertainment for U.S. Officials, and Gifts and Entertainment for Non-U.S. Officials policies in this Code.

If you or someone with whom you have a close relationship (a family member or close companion) has a financial or employment relationship with a competitor, customer, supplier or potential supplier, you must promptly disclose this fact in writing to the Human Resources Department and/or the Legal Department.

You may engage in outside employment or provide services or advice to another business entity, provided it does not constitute a conflict of interest with your employment with Pacific Biosciences. Furthermore, you are required to disclose such employment or activities and get prior written approval from Pacific Biosciences' Human Resources Department and/or Legal Department.

PERSONAL INVESTMENTS

Many Pacific Biosciences employees have investments in publicly traded stock or privately held businesses. If you hold shares of a publicly traded stock or have any ownership in a privately held business, a conflict may exist if you are involved in or allowed to influence transactions between Pacific Biosciences and the business in which you are invested. If a real or apparent conflict exists, disclose the conflict to your manager, who will help determine whether a conflict exists and, if appropriate, the best approach to eliminate the conflict.

BUYING AND SELLING STOCK

Pacific Biosciences maintains an Insider Trading Policy that prohibits all trading activities in Pacific Biosciences securities as well as the securities of other companies while you are in possession of material, non-public information, and places other restrictions on the manner and timing in which employees may invest in Pacific Biosciences securities and on the types of Pacific Biosciences securities in which employees may invest. The Insider Trading Policy also prohibits the unauthorized dissemination of material non-public information concerning Pacific Biosciences to others who may benefit by trading on the basis of such information.

Members of Pacific Biosciences' Board of Directors, executive officers, and employees are subject to blackout periods during which they are prohibited from trading in Pacific Biosciences' stock.

Please review Pacific Biosciences' Insider Trading policy. Specific questions on buying and selling stock should be referred to the Compliance Officer or the Legal Department.

SECURITY AND CONFIDENTIALITY

The security of property of Pacific Biosciences and its employees is important to all of us and can be maintained only with the cooperation of all employees. Please refer to the Company's Intranet for further information regarding security and confidentiality. Report any breach of security promptly to your manager.

The property of Pacific Biosciences includes not only items such as computers and desks, but also proprietary and confidential information. Confidential information is of great importance to the

future of our business and your duty to maintain confidentiality will remain even if your employment relationship ends. You are not to disclose any confidential information to any person unless specifically authorized by Pacific Biosciences.

Confidential information includes, but is not limited to, customer lists, personnel and benefit files as well as other information about employees, computer records, financial data, details of engagement, process descriptions, technical and business information, research and development, production, manufacturing and engineering processes, finances, customers, marketing and production and future business plans of Pacific Biosciences. Employees are required, as a condition of employment, to sign a proprietary information and inventions agreement setting forth these duties in detail.

EMPLOYMENT OF RELATIVES

Family members of current Pacific Biosciences employee may be considered for employment with Pacific Biosciences on the basis of their qualifications. Family members may not be hired, however, if

- Family members would be placed in the same direct reporting line; or
- The hiring of the family member could create an actual or a perceived conflict of interest.

For purposes of this policy, “family members” are defined as including spouses, domestic partners, parents, children, siblings, parents-in-law, children-in-law, siblings-in-law, aunts, uncles, nieces, nephews, grandparents or grandchildren, or any other family members not listed above who reside in the same household. This policy also applies to those involved in significant personal relationships, such as dating relationships.

Family members of employees in the Human Resources Department are not eligible for hire at Pacific Biosciences.

Family members of executive officers (vice president and above) or of members of the Board of Directors may only be hired with the approval of the Chief Executive Officer, following discussion with the relevant members of the executive team. Employees who become family members or establish a significant personal relationship with other Pacific Biosciences employees, officers or directors must notify their immediate managers. These employees may continue their employment with Pacific Biosciences as long as they are not in the same direct reporting line or the relationship does not create an actual or perceived conflict of interest. If one of these conditions should occur, Pacific Biosciences will attempt to find a suitable position with the Company to transfer one of the employees. If such an accommodation is not feasible, the two employees involved will be permitted to decide which of them will resign. If the employees cannot make this decision, the Company will decide in its sole discretion which of the relevant employees will remain employed by Pacific Biosciences.

Decisions regarding the application of this policy will be the responsibility of the Human Resources Department, with review by the Chief Executive Officer. Exceptions to this policy will

require the approval of the CEO. Exceptions affecting any member of the executive team will require approval by the Compensation Committee of the Board of Directors, and disclosure to the full Board.

If an exception is approved to allow two family members in the same direct reporting line, the family member holding the more senior position with Pacific Biosciences shall not be involved in any compensation decisions regarding the family member holding the more junior position. These compensation decisions will be made by the group executive officer and the Human Resources Department. If the group executive officer is the family member, then the compensation decisions will be made by the CEO in consultation with the Human Resources Department and the Compensation Committee of the Board of Directors. If the CEO is the family member, the relevant group executive officer and the Human Resources Department will propose compensation adjustments to the Compensation Committee of the Board of Directors, whose approval will be required for such compensation decisions.

No employee may initiate or approve personnel actions affecting the reward or punishment of employees or applicants with whom there is a family relationship or actual, or the appearance of, personal or social involvement.

COMPUTER NETWORK AND INTERNET USE POLICY

The use of automation systems, including computers, fax machines and all forms of Internet/Intranet access, is for Company business and is to be used for authorized purposes only. Brief and occasional personal use of the electronic mail system or the Internet is acceptable as long as it is not excessive or inappropriate, occurs during personal time, and does not result in expense to the Company.

Use is defined as “excessive” if it interferes with normal job functions, responsiveness, or the ability to perform daily job activities. Company automation systems are Company resources and are provided as business communications tools. Electronic communication “should not be used to solicit or sell products, distract coworkers, or disrupt the workplace”.

Use of Company computers, networks, and Internet access is a privilege granted by management and may be revoked at any time for inappropriate conduct including but not limited to:

- Sending chain letters;
- Engaging in private or personal business activities;
- Misrepresenting oneself or the Company;
- Engaging in unlawful or malicious activities;
- Using abusive, profane, threatening, racist, sexist or otherwise offensive language in either public or private messages;
- Sending, receiving, or accessing pornographic materials;

- Causing congestion, disruption, disablement, alteration, or impairment of Company networks or systems;
- Infringing in any way on the copyrights or trademark rights of others;
- Using recreational games; and/or
- Defeating or attempting to defeat security restrictions on Company systems and applications.

The Company owns the rights to all data and files in any computer, network, or other information system used in the Company. The Company reserves the right to monitor computer, Internet/Intranet usage, and e-mail usage, both as it occurs and in the form of account histories and their content. The Company has the right to inspect any and all files stored in any areas of the network or on any types of computer storage media in order to assure compliance with internal policy and state and federal laws. The Company also reserves the right to monitor electronic mail messages and their content. Employees must be aware that the electronic mail messages sent and received using Company equipment are not private and are subject to viewing, downloading, inspection, release, and archiving by Company officials at all times. No employee may access another employee's computer, computer files, or electronic mail messages without prior authorization from either the employee or an appropriate Company official.

The Company has licensed the use of certain commercial software application programs for business purposes. No employee may create, use, or distribute copies of such software that are not in compliance with the license agreements for the software, nor without the involvement of the IT Department, nor may any employee install, copy, distribute or use any unlicensed third party commercial software on any Company computer system. Violation of this policy can lead to disciplinary action, up to and including termination and employees will be individually liable for any and all damages incurred as a result of violating Company security policy, copyright, and licensing agreements.

It is a violation of Company policy for any employee, including system administrators and supervisors, to access electronic mail and computer systems files to satisfy curiosity about the affairs of others. Employees found to have engaged in such activities may be subject to disciplinary action.

Existing rules, policies, and procedures governing the sharing of work-related or other confidential information also apply to the sharing of information via the Internet/Intranet. Please refer to the proprietary information and inventions agreement between you and the Company, and to the Security and Confidentiality policy in this Code, regarding the release of confidential information.

MOBILE DEVICE POLICY

Pacific Biosciences maintains a Mobile Device Policy which provides that data or intellectual property owned by the Company on personal devices remain the property of the Company and must be deleted upon termination of your employment with the Company, unless you are otherwise instructed by the Legal Department. Each employee has the responsibility to ensure that

Company information in the employee's possession is managed and protected. All Company policies apply to an employee's conduct when using a personal device for work.

Please review Pacific Biosciences' Mobile Device Policy. Specific questions should be referred to the IT Department.

ACCURACY OF RECORDS AND REPORTS

Accurate records are critical to meeting Pacific Biosciences' legal, financial and management obligations. All records must truly reflect the transactions they record. All assets and liabilities shall be recorded in the regular books of account. No undisclosed or unrecorded fund or asset shall be established for any purpose.

All employees are expected to ensure that all records and reports, including business expenses, customer information, technical and product information, correspondence and public communications are full, fair, accurate, timely and understandable. Never misstate facts, omit critical information, or modify records or reports in any way to mislead others, or assist others in doing so.

BUSINESS EXPENSES

All employees must observe policies and procedures regarding business expenses, such as gift, meal, travel and entertainment expenses, and submit accurate expense reimbursement requests.

LOANS, ADVANCES, AND GUARANTEES

Other than through established corporate programs, such as programs for employee relocation (and then solely the extent permissible under applicable law), Pacific Biosciences does not provide loans or advances of corporate funds to its officers, Board members or their families and does not guarantee their obligations.

PUBLIC COMMUNICATIONS

All public communications and inquiries from the press or the financial analyst community must be cleared with the Chief Executive Officer, Chief Financial Officer or Vice President of Finance.

If you receive approval to make a public presentation at a business meeting or conference on behalf of Pacific Biosciences or in your capacity as an employee, officer, director or other representative of Pacific Biosciences, you may not request or accept any form of personal compensation from the organization that requested the presentation. This does not prohibit you from accepting, if approved by your manager, reimbursement for your reasonable and customary expenses (such as meal and travel expenses) and/or an honorarium that is not excessive in value, from the organization that requested the presentation. Consistent with the Conflicts of Interest policy in this Code, you should review any honorarium exceeding US\$100 in value with your supervising vice president or another Company vice president, the Compliance Officer, the Human Resources Department or the Legal Department prior to accepting the honorarium.

OBLIGATIONS TO CUSTOMERS AND BUSINESS PARTNERS

CUSTOMER AND THIRD-PARTY INFORMATION

Customers, suppliers and others disclose confidential information to Pacific Biosciences for business purposes. It is the responsibility of every Pacific Biosciences employee to protect and maintain the confidentiality of this information. Failure to protect customer and third-party information may damage relations with customers, suppliers, or others, and may result in legal liability.

BRIBES AND KICKBACKS

Pacific Biosciences maintains an Anti-Corruption Policy which prohibits directly or indirectly offering, promising or giving bribes, kickbacks or anything of value for the purpose of inducing any individual to improperly perform a relevant function or activity, or rewarding such improper performance, or with the knowledge or belief that the acceptance of the advantage offered, promised or given in itself constitutes the improper performance of a relevant function or activity. A bribe is any offer or payment of anything of value, made to an individual to induce that individual to violate an expectation that the individual will act in good faith, impartially, or in accordance with a position of trust. Kickbacks are payments or items of value given to individuals in connection with the purchase or sale of products or services, typically for providing a discount in a sales agreement. Pacific Biosciences employees are prohibited from giving or receiving bribes or kickbacks.

Please review Pacific Biosciences' Anti-Corruption Policy. Specific questions should be referred to the Legal Department.

SIDE DEALS OR SIDE LETTERS

All of the terms and conditions of agreements entered into by Pacific Biosciences must be formally documented. Contract terms and conditions define the key attributes of Pacific Biosciences' rights, obligations, and liabilities and can also dictate the accounting treatment given to a transaction. Making business commitments outside of the formal contracting process, through side deals, side letters or otherwise, is not permitted. You should not make any oral or written commitments that create a new agreement or modify an existing agreement without approval through the formal contracting process. In particular, all commitments must have visibility to the Accounting Department so Pacific Biosciences can ensure it is properly accounting for each transaction. If you have knowledge of any side deal, side letter or agreement made outside of the formal contracting process, you should report it immediately to your manager, the Accounting Department, the Human Resources Department, the Legal Department, or the Compliance Officer.

COMPETITION AND TRADE PRACTICES

Laws regulating competition and trade practices vary around the world, but certain activities, such as price fixing and agreeing with a competitor to allocate customers, are almost always illegal.

You should not:

- Agree with competitors or exchange information with competitors on prices, policies, contract terms, costs, inventories, marketing plans, or capacity plans.
- Agree with a competitor that the competitor will sell goods and services to Customer A (and you will not) and that you will sell goods and services to Customer B (and they will not).
- Describe the products or services of competitors inaccurately to promote Pacific Biosciences products or services.
- Engage in any pricing or other practices that could defraud a supplier or others.
- Violate fair bidding practices, including bidding quiet periods.
- Make any unlawful agreement with distributors with respect to prices.

You may not improperly use or disclose to the Company any proprietary information or trade secrets of any former or concurrent employer or other person or entity with whom obligations of confidentiality exist, or improperly use or authorize the use of any inventions that are the subject of patent claims of any other person or entity.

OBLIGATIONS TO GOVERNMENTS

COMPLIANCE WITH APPLICABLE LAWS

All directors, officers, and employees of the Company are required to follow the highest ethical standards and comply fully with both the spirit and the letter of all applicable laws, rules and regulations. Distributors, agents, and other third parties acting on the Company's behalf are required to adhere to equally high standards. Whenever an applicable law, rule or regulation is unclear or seems to conflict with either another law or any policy in this Code, you should seek clarification from your manager, the Compliance Officer or the Legal Department.

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject you, as well as Pacific Biosciences, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits, and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal and ethical obligations.

GOVERNMENTS AS CUSTOMERS

Governments are unique customers for Pacific Biosciences. Governments often place special bidding, pricing, disclosure, and certification requirements on firms with which they do business. Discuss those requirements with the Legal Department before bidding for government business.

Bribery of any person is strictly prohibited. No payment shall be made, directly or indirectly, to, or for the benefit of, public officials or government employees (which may include employees of state-owned enterprises) for the purpose of, or otherwise in connection with, securing sales to, or obtaining favorable action by, a government agency. Gifts of substantial value or lavish entertainment for government employees are prohibited since they can be construed as attempts to improperly influence government decisions in matters affecting the Company's operations. Any entertaining of public officials or government employees, or the furnishing of assistance in the form of transportation or other services, should be of such nature that the integrity or reputation of the public official or government employee would not be compromised. Please also refer to the Gifts and Entertainment for U.S. Officials and Gifts and Entertainment for Non-U.S. Officials policies below.

GIFTS AND ENTERTAINMENT FOR U.S. OFFICIALS

What is acceptable in the commercial business environment may be entirely unacceptable in dealings with the United States government. For example, it may be illegal to give even an inexpensive gift or meal to a U.S. government employee or official. The rules vary depending on the location of and the position held by the government employee or official. To prevent violations, review planned gifts (which includes, for purposes of this policy, honoraria), meals or entertainment for U.S. government employees or officials with the Legal Department in advance, and be sure to accurately document all such business expenses.

GIFTS AND ENTERTAINMENT FOR NON-U.S. OFFICIALS

Offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a foreign official in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business for Pacific Biosciences is illegal under the laws of the United States, and may also be illegal under the laws of the foreign official's country or any other applicable laws prohibiting bribery and corrupt payments.

For purposes hereof, a "foreign official" includes any officer or employee of a foreign (non-U.S.) government or any department, agency or instrumentality of a foreign government. Members of a royal family are included. In addition, anyone acting on behalf of a foreign government, such as a consultant or negotiator representing a state-owned business, is covered by this definition.

The offer, payment or promise to transfer in the future Company funds or assets, or the delivery of gifts or anything else of value, directly or indirectly, to foreign officials (which may include employees of state-owned enterprises), foreign political parties or officials or candidates of foreign political parties is strictly prohibited for the purpose of influencing any act or decision of any such person in his or her official capacity, including the decision to fail to perform his or her official functions or to use such person's or party's influence with a foreign government or instrumentality in order to affect or to influence any act or decision of such government or instrumentality in order to assist the Company in obtaining or retaining business or any other improper business advantage.

In many countries it is considered common courtesy to provide token/ceremonial gifts to

government officials on certain occasions to help build relationships. Check local requirements and review any such gifts in advance with the Legal Department. For meals with non-U.S. government officials or employees, check for value limits by country in advance and review any meals in excess of such value limits in advance with the Legal Department. Be sure to accurately document all such business expenses. Meals at any value should be avoided with officials from government agencies where Pacific Biosciences has a pending application, proposal, or other business.

Please also review Pacific Biosciences' Anti-Corruption Policy. Specific questions should be referred to the Legal Department.

HIRING GOVERNMENT EMPLOYEES

U.S. laws limit the duties and types of services that former U.S. government and military employees may perform as employees or consultants of Pacific Biosciences. In the U.S., employment negotiations with government employees are prohibited while the employees are participating in a matter involving Pacific Biosciences' interests.

TRADE RESTRICTIONS AND EXPORT CONTROLS

Many countries periodically impose restrictions on exports and other dealings with certain other countries, persons, or groups. Export laws may control trading of commodities or technologies that are considered to be strategically important because they have the potential to be used for military purposes. Laws may cover travel to or from a sanctioned country, imports or exports, new investments, and other related topics. Certain laws also prohibit support of boycott activities. If your work involves the sale or shipment of products, technologies or services across international borders, check with the Legal Department to ensure compliance with any laws or restrictions that apply.

HOLDING PUBLIC OFFICE

If you hold an elected or appointed public office while employed at Pacific Biosciences, advise the Legal Department. Excuse yourself from involvement in any decisions that might create or appear to create a conflict of interest.

OBLIGATIONS TO EACH OTHER

EQUAL EMPLOYMENT OPPORTUNITY

It is our belief that all people are entitled to equal employment opportunities. Pacific Biosciences assures equal treatment in the administration of all personnel matters including recruitment, selection, hiring, advancement, training and transfer, without regard to race, religious creed, color, national origin, ancestry, physical disability, mental disability, legally protected medical condition, marital status, sex (including gender/gender identity, or pregnancy, childbirth, or related medical conditions), sexual orientation, age, veteran status, or any other characteristic protected by law. Pacific Biosciences also makes reasonable accommodations for disabled employees, and for

pregnant employees who with the advice of their health care provider, request an accommodation.

Pacific Biosciences will not tolerate harassment of an employee in any of the areas listed above. Any employee who violates this policy is subject to discipline up to and including discharge. Any incident of harassment by any person should be reported promptly to management. Appropriate confidential action will be taken.

NO HARASSMENT

Harassment in employment on the basis of sex, race, color, national origin, ancestry, citizenship, religion, age, physical or mental disability, medical condition, sexual orientation, gender identity or veteran or marital status is unlawful under federal and state law. Pacific Biosciences does not tolerate harassment of employees in the workplace or in a work-related situation, and harassment is a violation of Pacific Biosciences' rules of conduct.

Unlawful harassment in employment may take many different forms. Some examples are:

- Verbal conduct such as epithets, derogatory comments, slurs, or unwanted comments and jokes;
- Visual conduct such as derogatory posters, cartoons, drawings or gestures;
- Physical conduct such as blocking normal movement, restraining, touching, or otherwise physically interfering with the work of another individual;
- Threatening or demanding that an individual submit to certain conduct or perform certain actions in order to keep or get a job, to avoid some other loss, or as a condition of job benefits, security or promotion; and
- Retaliation by any of the above means for having reported harassment or discrimination, or having assisted another employee to report harassment or discrimination.

Sexual harassment under these laws includes unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Bullying Prohibited

A safe and civil environment is necessary for employees to achieve the high standards we expect. Demonstration of appropriate behavior, treating others with civility and respect, and refusing to tolerate harassment and bullying are expected of all employees, officers, directors, contract personnel and others acting on our behalf.

Bullying is repeated, health-harming mistreatment of another individual. Examples of prohibited bullying include, but are not limited to: screaming; swearing; name calling; stealing; giving dangerous work assignments; using threatening, intimidating, or cruel behaviors; deliberately humiliating a person; denying advancement; and stealing work credit. Generally, bullying:

- Is committed by written, verbal, graphic, or physical acts (including using the Internet, e-mail, or cell phone).
- Substantially interferes with work, opportunities, and benefits of one or more employees, sometimes through actual sabotaging of work.
- Adversely affects an employee's ability to function at work by placing the employee in reasonable fear of physical harm or by causing emotional distress.

Because bystander support can encourage bullying, Pacific Biosciences also prohibits both active and passive support for acts of bullying. Employees should report incidents to a supervisor, management, or to the Human Resources Department. Reprisal or retaliation against any person who reports an act of bullying is prohibited. Employees who engage in bullying will be subject to appropriate discipline, up to and including termination.

Internal Complaint Procedure

Both as a matter of law and of common decency, each employee of Pacific Biosciences is entitled to pursue his or her employment free of discrimination and harassment based on sex, race, color, national origin, ancestry, citizenship, religion, age, physical or mental disability, medical condition, sexual orientation, gender identity or veteran or marital status. Accordingly, discrimination and harassment of any employee by either a co-worker or member of management will not be tolerated. Violation of this policy will result in disciplinary action up to and including immediate discharge.

If you believe that you are the target of harassment or discrimination on any prohibited basis, or if you have observed such harassment or discrimination, or you find conduct in the workplace to be unwelcome or offensive, you should notify your supervisor or the Human Resources Department. The Company will investigate the matter confidentially and take such action as is warranted under the circumstances.

RESPECTFUL WORKPLACE

Pacific Biosciences is committed to a non-violent, harassment-free workplace where everyone is

treated with courtesy and respect. To ensure an environment of respect, information of a confidential or sensitive nature should be communicated privately, preferably in person.

The content of e-mail and voicemail messages may not contain anything that would reasonably be considered offensive or disruptive. Offensive content can include, but is not limited to, sexual comments or images, racial slurs, gender specific comments or any comments that would offend someone on the basis of their age, sex, sexual orientation, religious or political beliefs, national origin, or disability.

VIOLENCE PREVENTION

Pacific Biosciences is committed to providing a safe, violence-free workplace and strictly prohibits employees, consultants, customers, visitors, or anyone else on Pacific Biosciences premises from behaving in a violent or threatening manner. Workplace violence can include, but is not limited to threats, violent behavior, bringing weapons onto Pacific Biosciences premises, or causing physical damage. Pacific Biosciences encourages reports of potential or actual violence, and will take appropriate corrective action, which may include warnings, probation, or termination.

SAFETY

Pacific Biosciences desires to maintain safe working conditions for all employees. All employees must be safety conscious and will be required to attend mandatory safety training courses during the first month of employment. Report any potential safety hazards at any site where you may be conducting work on behalf of Pacific Biosciences immediately to management.

Any injury, no matter how minor, during the course of employment must be reported promptly to your manager. If you or another employee is injured on the job, you should seek medical treatment immediately. If necessary, call an ambulance. If the injury is less serious, contact management and make arrangements to get medical help. If you are injured, you may be sent to one of Pacific Biosciences' designated physicians for medical treatment, dependent upon circumstances.

SUBSTANCE ABUSE

We seek to maintain safe and efficient working conditions for our employees in an environment free of alcohol and drugs. Substance abuse is incompatible with health, safety and success at Pacific Biosciences. All employees must abide by the following policy as a condition of continued employment.

Pacific Biosciences prohibits the unauthorized use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of alcohol or being under the influence of alcohol while performing Company business or while on Company premises during normal working hours, with the exception of reasonable consumption of alcohol when served at Company-sponsored events.

Pacific Biosciences also prohibits the unlawful use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of any illegal drug or other controlled substance or

being under the influence of illegal drugs or other controlled substances, including the abuse of a legal drug or working while impaired by the use of a legal drug, while performing Company business or being on Company premises.

REPORTING PROCEDURES FOR SUSPECTED VIOLATIONS

Pacific Biosciences maintains Issue Resolution Procedures for Legal and Accounting Matters, which set forth the standards and procedures for reporting questionable conduct regarding legal, accounting, internal control or auditing matters, and address confidentiality concerns and protection for persons reporting such questionable conduct. You should follow such procedures to report any suspected violations of this Code (or other questionable conduct) falling within the scope of such policy.

When you in good faith report suspected wrongdoing, based upon your reasonable belief, and are not yourself engaged in associated improper conduct, the Company will keep your identity confidential to the fullest extent possible, consistent with the need to conduct an adequate review.

NO RETALIATION

Pacific Biosciences values an atmosphere of open communication for all Company employees. Pacific Biosciences does not and will not permit retaliation of any kind by or on behalf of the Company, or its directors, officers or employees, against good faith reports or complaints of suspected violations of this Code or other illegal or unethical conduct. Retaliation by a manager, supervisor, or any other employee will be grounds for disciplinary action for that manager, supervisor or employee, up to and including termination.

ACKNOWLEDGEMENT FORM

I have received and read the Pacific Biosciences Code of Business Conduct, and I understand its contents. I agree to fully comply with the standards, policies and procedures contained in the Code and the Company's related policies and procedures. I understand I have an obligation to promptly report to the Company's Compliance Officer or the Legal Department any suspected violations of the Code that I am aware of. I acknowledge that the Code is a statement of policies for business conduct and does not, in any way, constitute an employment contract or an assurance of continued employment.

At this point in time, I am aware of the following circumstances that may constitute conflicts of interest or potential conflicts of interest. (Identify or, if none, state "none"):

ACKNOWLEDGED: _____ Dated: _____

Print Name: _____

Signature: _____