

CIMETRIX INCORPORATED
INSIDER TRADING POLICY
and Guidelines with Respect to
Certain Transactions in Company Securities

As of June 30, 2004

This Policy provides guidelines to employees, officers and directors of Cimetricx Incorporated (the “**Company**”) with respect to transactions in the Company’s securities.

APPLICABILITY OF POLICY

This Policy applies to all transactions in the Company’s securities, including common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as to derivative securities relating to the Company’s stock, including options, whether or not issued by the Company. In addition it applies to the securities of other companies for which those associated with the Company obtain Material Nonpublic Information (as defined below) in the course of performing their duties for the Company. It applies to all officers of the Company, all members of the Company’s Board of Directors, and all employees of, and consultants and contractors to, the Company and its subsidiaries who receive or have access to Material Nonpublic Information regarding the Company or those entities with which the Company does business. This group of people, members of their immediate families, and members of their households are sometimes referred to in the Policy as “**Insiders.**” This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as the information is not publicly known and remains material. Any employee can be an Insider from time to time, and would at those times be subject to this Policy.

STATEMENT OF POLICY

General Policy

It is the policy of the Company to prohibit the unauthorized disclosure of any nonpublic information acquired in the work-place and the misuse of Material Nonpublic Information in securities trading.

Specific Policies

1. ***Trading on Material Nonpublic Information.*** No director, officer or employee of, or consultant or contractor to, the Company, and no immediate family member in the household of any such person, shall engage in any transaction involving a purchase or sale of the Company’s securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she first possesses Material Nonpublic Information concerning the Company and ending at the close of business on the second Trading Day

following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. As used herein, the term “**Trading Day**” means a day on which national stock markets and the New York Stock Exchange are open for trading. For computation purposes, the date that the information is publicly disclosed shall not be included in counting the two Trading Days (i.e. if the information was disclosed on Wednesday, the two Trading Day period would expire on the close of business on Friday and trading activity could commence on Monday).

2. **Tipping.** No Insider shall disclose (“**tip**”) Material Nonpublic Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company’s securities. Even if you are not in possession of Material Nonpublic Information, do not recommend to any other person that they buy or sell securities of the Company. (Remember that “tipping” Material Nonpublic Information is always prohibited, and that your recommendation could be imputed to the Company and may be misleading if you do not have all relevant information.)

If an Insider receives inquiries about the Company from securities analysts, reporters, or others, decline comment and direct them to any one of the Compliance Officers: Dennis P. Gauger, Chief Financial Officer or Scott C. Chandler, Member of the Board of Directors and Chairman of the Audit Committee, or such other persons as may then be serving in such capacities for the Company. Do not discuss Material Nonpublic Information where it may be overheard, such as in restaurants, elevators, restrooms, and other public places. Remember that cellular phone conversations are often overheard and that voice mail and e-mail messages may be retrieved by persons other than their intended recipients.

3. **Confidentiality of Nonpublic Information.** Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. Keep all memoranda, correspondence and other documents that reflect nonpublic information in a secure place, such as a locked office or a locked file cabinet, so that they cannot be seen by third persons.

4. **Blackout Periods.** Pursuant to SEC rules, directors and executive officers (i.e., those persons listed on Exhibit A, as revised from time to time) are prohibited from trading in Company equity securities during any period of three or more consecutive days during which at least 50% of the participants or beneficiaries in an “individual account” retirement plan of the Company or its subsidiaries are unable to purchase, sell, or otherwise acquire or transfer an interest in the equity of the Company held in such plan due to a temporary suspension by the Company or a fiduciary (“Blackout Period”). “Individual account” plans include, without limitation, defined contribution plans such as broad-based tax-qualified 401(k) plans and profit sharing plans, stock bonus plans, and certain nonqualified deferred compensation arrangements. There are limited exceptions to this rule, and directors and executive officers should consult with the Company’s Chief Financial Officer or designee prior to authorizing a stock transaction during the above-described Blackout Period.

5. **10b5-1 Programs.** Pursuant to SEC Rule 10b5-1, directors, officers and employees of the Company may establish written programs at a time at which they do not have Material Nonpublic Information which permit (i) automatic trading of the Company’s stock through a third-party broker or (ii) trading of the Company’s stock by an independent person (e.g., an investment banker) who is not aware of Material Nonpublic Information at the time of a

trade. All programs shall be subject to the restrictions and limitations imposed by SEC Rule 10b5-1. These rules are technical in nature and a 10b5-1 program should only be established with a broker or other securities professional with experience and expertise in this area. Each program (or the form of program established by a broker or other third party) must be reviewed by the Company's Chief Financial Officer prior to establishment, to confirm compliance with this policy and the applicable securities laws. Once a program is implemented in accordance with this section 4, trades pursuant to such program shall not be subject to the limitations and restriction set forth in other sections of this Insider Trading Policy. If properly established and implemented, trading pursuant to a program may occur even at a time outside of the Company's trading window or when the person on whose behalf such trade is made is aware of Material Nonpublic Information.

6. ***Trading in Derivatives; Short Selling.*** Officers, directors and employees of the Company may not trade in any exchange- or market-listed derivative securities of the Company, including, without limitation, trading in options such as puts and calls. Officers, directors and employees of the Company also may not "sell short" any of the Company's securities, or otherwise participate in market transactions where the investment return is based on the decline in value of the Company's securities.

POTENTIAL CRIMINAL AND CIVIL LIABILITY AND/OR DISCIPLINARY ACTION

1. ***Liability for Insider Trading.*** Insiders may be subject to penalties of up to \$1,000,000 and up to ten years in jail for engaging in transactions in the Company's securities at a time when they have knowledge of Material Nonpublic Information regarding the Company.

2. ***Liability for Tipping.*** Insiders may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The Securities and Exchange Commission (the "SEC") has imposed large penalties even when the disclosing person did not engage in any trade or profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to uncover insider trading.

3. ***Possible Disciplinary Actions.*** Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company's equity incentive plans or termination of employment.

RECOMMENDED GUIDELINES

1. ***Recommended Trading Window.*** To ensure compliance with this Policy and applicable U.S. federal and state securities laws, the Company also prohibits directors, officers and employees having access to the Company's internal financial information or other Material Nonpublic Information from conducting transactions involving the purchase or sale of the Company's securities other than during the following periods (the "**Trading Window**"):

Trading Window: The period in any fiscal quarter commencing at the close of business two (2) Trading Days following the date of public disclosure of the financial results for

the prior fiscal quarter or year and ending on the last day of the third month of the fiscal quarter

The safest period for trading the Company's securities, assuming the absence of Material Nonpublic Information which would always bar trading, is generally the first ten days of the Trading Window. Periods other than the Trading Window are more highly sensitive for transactions in the Company's stock from the perspective of compliance with applicable securities laws. This is due to the fact that officers, directors and certain other employees are, as any quarter progresses, increasingly likely to possess Material Nonpublic Information about the expected financial results for the quarter.

The purpose behind the recommended Trading Window is to help avoid any improper transaction or transactions that may appear to be improper.

It should be noted that even during the Trading Window any person possessing Material Nonpublic Information concerning the Company is prohibited from engaging in any transactions in the Company's securities until such information has been known publicly for at least two Trading Days. Although the Company may from time to time recommend during a Trading Window that directors, officers, selected employees and others suspend trading because of developments known to the Company and not yet disclosed to the public, each person is individually responsible at all times for compliance with the prohibitions against trading while in possession of Material Nonpublic Information. Trading in the Company's securities during the Trading Window should *not* be considered a "safe harbor," and all directors, officers and other persons should use good judgment at all times.

2. ***Preclearance of Trades.*** The Company has determined that all officers and directors of the Company and certain persons whose names are set forth on Schedule A attached hereto, should refrain from trading in the Company's securities, even during the Trading Window, without first complying with the Company's "preclearance" process. Each officer and director should contact one of the Company's Insider Trading Compliance Officers prior to commencing any trade in the Company's securities.

The Company may also find it necessary, from time to time, to require compliance with the preclearance process from certain employees, consultants and contractors other than and in addition to officers and directors and those identified on Schedule A.

3. ***Individual Responsibility.*** It is the individual responsibility of every officer, director and employee to comply with this Policy against insider trading, regardless of whether the Company has cleared a trade for that Insider or any other Insiders of the Company. The guidelines set forth in this Policy are guidelines only, and appropriate judgment should be exercised in connection with any trade in the Company's securities.

An Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

APPLICABILITY OF POLICY TO INSIDE INFORMATION REGARDING OTHER COMPANIES

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's customers, vendors or

suppliers (“**business partners**”), when that information is obtained in the course of employment with, or other services performed on behalf of, the Company. Civil and criminal penalties, and termination of employment, may result from trading on Material Nonpublic Information regarding the Company’s business partners. All employees should treat Material Nonpublic Information about the Company’s business partners with the same care required with respect to information related directly to the Company.

DEFINITION OF MATERIAL NONPUBLIC INFORMATION

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company’s securities.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include:

- Financial results
- Projections of future earnings or losses
- News of a pending or proposed merger
- News of the disposition of a subsidiary
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a substantial customer or supplier
- Changes in dividend policy
- New product announcements of a significant nature
- Significant product defects or modifications
- Significant pricing changes
- Stock splits
- New equity or debt offerings
- Acquisitions
- Significant litigation exposure due to actual or threatened litigation
- Major changes in senior management

Either positive or negative information may be material.

Material Nonpublic Information is information that may be material to a decision to purchase or sell securities of the Company as discussed above that has not been previously disclosed to the general public and that is otherwise not available to the general public.

CERTAIN EXCEPTIONS

For purposes of this Policy, the Company considers the exercise of stock options for cash under the Company’s stock options plans or the purchase of shares under any Company employee stock purchase plan (but *not* the sale of any such shares acquired on the exercise of the option or the purchase) exempt from this Policy unless the Company is aware of Material Nonpublic Information that it cannot disclose to the participant, because the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or the plan.

ADDITIONAL INFORMATION – DIRECTORS AND OFFICERS

Directors and officers of the Company must also comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the Securities Exchange Act of 1934, as amended. All transactions in Company securities by directors and officers must be reported on the SEC's Edgar system within two business days of the transaction. The practical effect of the short swing profit provisions is that officers and directors who purchase and sell the Company's securities within a six-month period (i.e. a sale can potentially be matched with any purchase within the prior six months or any purchase within the following six months) must disgorge all profits to the Company whether or not they had knowledge of any Material Nonpublic Information. The matching rules and the calculation of profits are technical and can result in a "profit" even in circumstances in which the shares are sold for less than the amount they were originally acquired for. Under these provisions, and so long as certain other criteria are met, neither the receipt of an option, or the exercise of the option, under the Company's shareholder approved employee stock option plan is deemed a purchase under Section 16; however, the sale of any such shares is a sale under Section 16. In addition to the restrictions of Section 16, the federal securities laws prohibit any officer or director from engaging in a short sale transaction with respect to the Company's stock. The Company will provide separate memoranda and other appropriate materials to its officers and directors regarding compliance with Section 16 and its related rules.

INQUIRIES

Please direct your questions as to any of the matters discussed in this Policy to the Company's Insider Trading Compliance Officers.

SCHEDULE A to Insider Trading Policy

**DIRECTORS AND EXECUTIVE OFFICERS
SUBJECT TO PRE-CLEARANCE PROCEDURES
JUNE 15, 2004**

DIRECTORS

Robert H. Reback
Scott C. Chandler
C. Alan Weber
Michael B. Thompson

EXECUTIVE OFFICERS

Robert H. Reback
Dennis P. Gauger
David P. Faulkner
Michael D. Feaster
Dr. Steven K. Sorensen
Brian L. Phillips