

Transmeta Statement of Policy Regarding Accounting Complaints and Concerns

Policy

It is the policy of Transmeta Corporation to observe high ethical standards in all of its activities. In matters of accounting and auditing in particular the Company seeks to ensure that all transactions and corporate assets are properly accounted for and that all audits are thorough and complete. It is also important to the Company that it maintains the confidence of employees, stockholders, customers, vendors and the public in the quality of the Company's accounting and public reporting. In order to help accomplish these objectives, the Company is establishing a procedure for the reporting and delivery of complaints and concerns about accounting and auditing matters.

The Audit Committee of the Board of Directors is responsible for establishing procedures for:

- The receipt, retention, processing and disposition of complaints received by Transmeta regarding accounting, internal accounting controls or auditing matters; and
- The confidential, anonymous submission by employees of Transmeta of concerns regarding questionable accounting or auditing matters.

Procedures

The complaints and concerns referred to above in this paragraph are referred to in this Statement of Policy as "accounting complaints."

1. Any person may bring an accounting complaint to the attention of the Company and the Audit Committee by following the procedures set forth in this policy statement.
 - a. Accounting complaints may be made by any of the following methods:
 - through voicemail by calling (408) 919-6886;
 - by an email to jhorsley@transmeta.com; or
 - by letter addressed to:

Accounting Complaints
Transmeta Corporation
3990 Freedom Circle
Santa Clara, CA 95054
 - b. The procedures for communicating an accounting complaint will be displayed at an appropriate location on the Transmeta intranet and on the Transmeta external website.

- c. Any Transmeta employee who receives what he or she believes may be an accounting complaint should contact the Company's General Counsel immediately to determine appropriate measures.
 - d. All Transmeta personnel in the departments listed below will be instructed to be alert for comments that may be deemed to be accounting complaints, and will refer such comments to the General Counsel:
 - Investor Relations;
 - Finance;
 - Human Resources; and
 - Legal.
 - e. Any person registering an accounting complaint is encouraged to provide as much detail as possible regarding the subject matter of the complaint, as the ability to investigate will be largely dependent on the quality and specificity of the information provided in the complaint.
2. Accounting complaints may be made anonymously. The identity of a person submitting an accounting complaint will be treated confidentially unless the person making the accounting complaint agrees otherwise. In particular:
- a. The person communicating an accounting complaint need not identify himself or herself. If the accounting complaint is made anonymously, the Company will not make any special effort to identify the person making the communication.
 - b. If the person communicating the accounting complaint identifies himself or herself to the Company, Transmeta will not disclose, without his or her permission, that person's identity as the one submitting the accounting complaint, unless otherwise required by law or court or administrative order to do so.
 - c. Information contained in accounting complaints may be summarized, abstracted and aggregated for purposes of analysis and investigation (including information on the source of the accounting complaint if not anonymous).
 - d. Any information developed in the course of responding to an accounting inquiry will be handled as the Company deems appropriate.
3. All records of accounting complaints received by Transmeta will be preserved for a period of five years.
- a. The Transmeta office of General Counsel will have custody of the records of accounting complaints.
 - b. After the five-year retention period, the records of accounting complaints may be disposed of in accordance with Company policy.

4. At each meeting of the Audit Committee, management will report on the nature of all accounting complaints received since the prior Audit Committee meeting.
 - a. The General Counsel of Transmeta will be responsible for reviewing all accounting complaints submitted from any source.
 - b. The General Counsel will make a presentation at each regular meeting of the Audit Committee regarding the accounting complaints received since the last report on such matters.
 - c. If the General Counsel has received or been notified of an accounting complaint that the General Counsel or a designee determines may require evaluation by the Audit Committee prior to the next regularly scheduled meeting, the General Counsel or a designee shall contact the chairperson of the Audit Committee so that the chairperson may decide whether an earlier evaluation is warranted.
5. The Audit Committee will take whatever steps it deems necessary to respond to any accounting complaint received by Transmeta.
 - a. The Audit Committee will evaluate accounting complaints that are brought to its attention and determine what response is necessary. For example, it may:
 - request additional information;
 - recommend corrective action; or
 - require further investigation.

If further investigation is deemed necessary, the Audit Committee may take any of the following steps:

- instruct Transmeta personnel (including legal staff) to investigate;
 - engage independent counsel, which may be counsel to the Company for other purposes, to conduct the investigation; or
 - investigate the matter as a committee.
- b. The Audit Committee will take whatever steps it deems necessary to respond to Accounting Complaints.
 - c. The Audit Committee is responsible for the implementation of this policy and the procedures outlined herein. It may interpret the policy and make judgments about the application of the procedures. It may request reports from Company executives about the implementation of this policy and take any other steps in connection with that implementation as it deems necessary. It may amend this policy and procedures associated with this policy in its discretion.