

AIR INDUSTRIES GROUP  
BOARD OF DIRECTORS  
CODE OF BUSINESS CONDUCT AND ETHICS

**Compliance with Applicable Laws**

This Code of Business Conduct and Ethics ("Code") has been adopted by our Board of Directors to summarize the standards of business conduct that must guide our actions. This Code applies to all directors, officers, and employees of Air Industries Group and any and all of its subsidiaries and affiliated entities (collectively the "Company"). All employees, officers, managers and directors of the Company should comply with all the laws, rules and regulations of the U.S. and other countries, and the states, counties, cities and other jurisdictions, applicable to the Company or its business.

The Code of Ethics does not and is not intended to summarize all laws, rules and regulations applicable to the Company and its employees, officers and directors. Please consult with the various guidelines, which the Company has prepared on specific laws, rules and regulations.

The Company has designated Susan Iulo as Compliance Officer to administer this Code. Employees, officers and directors may, at their discretion, make any report or complaint provided for in this Code to the Compliance Officer. The Compliance Officer will refer complaints submitted, as appropriate, to the Board of Directors or an appropriate Committee of the Board.

**Quality**

We believe that quality and continuous process improvement are fundamental to the way we develop, manufacture, and support our products and services. We are customer-driven – striving to meet and exceed expectations in all that we do.

**Teamwork**

We value teams because they promote trust, openness, challenge, opportunity and growth. We join with each other, our customers and our suppliers to provide high-value solutions to complex problems, requirements and demands.

**Anti-Trust**

Company policy generally prohibits offers of business courtesies to U.S. Government personnel, with very limited exceptions, and require compliance with the Anti-Kickback Act concerning company contracting and subcontracting relationships under government contracts.

Sherman Anti-Trust Law: This most important of the anti-trust laws prohibits and makes unlawful any contract, combination or conspiracy with any competitor, potential competitor or representative of same in restraint of trade activities like price fixing, boycotts or limitation of product and sales.

Company representatives must never exchange information with competitors regarding prices, market share or any other data that could be in violation of United States Anti-Trust Law or comparable competition laws that apply to Company operations outside the united States.

### **Improper Bribes/Payments & Kickbacks**

Company policy mandates compliance with the Foreign Corrupt Practices Act (The FCPA). Company employees, consultants and representatives are required to adhere to the anti-bribery and internal accounting control provisions of the FCPA and of our policy to ensure that no improper gifts, business courtesies or offers of anything of value are provided to foreign government officials.

*The Foreign Corrupt Practices Act (FCPA)* is a United States law that prohibits corruptly giving, offering or promising anything of value to foreign officials or foreign political parties, official or candidates, for the purpose of influencing them to misuse their official capacity to obtain, keep, or direct business or to gain any improper advantage. In addition, the FCPA prohibits knowingly falsifying a company's books and records or knowingly circumventing or failing to implement accounting controls. Employees involved in international operations must be familiar with the FCPA and with similar laws that govern our operations in other countries in which we do business.

*Anti-Kickback Act of 1986:* Directly or indirectly offering, providing, soliciting or accepting anything of value in return for favorable treatment in connection with a government contract or subcontract is a violation of company policy and federal law that may result in company discipline as well as severe civil or criminal penalties.

### **Gifts**

To maintain trust in our business relationships, we must always act with integrity. We must steer clear of giving or receiving gifts that are intended to influence, or appear to influence, business decisions. When we accept or give such gifts, it can undermine customer relationships, hurt our reputation, and put the company in legal jeopardy.

The Company recognizes that gifts, gratuities, and other business courtesies may occasionally be appropriate in building and maintaining business relationships with customers, suppliers, and other stakeholders. However, our employees, representatives, and agents must avoid even the perception of favorable treatment or the appearance of impropriety when offering or accepting any item of value in conducting the company's business.

We compete solely on the merits of our products and services. When people exchange gifts in a business context, it can look as if favors were granted in order to influence business judgment. We may provide gifts, meals, refreshments, and entertainment of reasonable value in the course of doing business with commercial customers or non-government personnel, provided that this practice does not conflict with our standards or the standards of the recipient's organization. You should not give or offer any gift if, under the circumstances, such gift might appear to be improper.

### **Conflicts of Interest**

All employees, officers and directors of the Company should strive to avoid a conflict of interest with regard to the Company's interests.

The Company acknowledges and values its employees', officers' and directors' right and will to engage in activities other than the Company's business and activities, so long as such activities do not create a conflict of interest and do not interfere with the employee's responsibility to the Company or the employee's efficiency in performing his job.

A "conflict of interest" may exist whenever the private interests of an employee, officer or director conflict (or even appear to conflict) in any way with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively. Conflicts of interest may also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party. Loans to, or guarantees of obligations of, employees, officers and directors and their respective family members may create conflicts of interest. Federal law prohibits loans to directors and executive officers. In addition, it is almost always a conflict of interest for a Company employee or officer to work simultaneously for a competitor, customer or supplier.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with a member of management or the Compliance Officer. Any employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, corporate officer or the Compliance Officer.

Disclosure should be made to the company's Compliance Officer of any substantial financial interest that that any employee or an immediate family member might have in the company's suppliers, customers or competitors. No employee may own more than 5% of the stock of a publicly traded company that is a competitor, supplier or customer. Personal business relationships should never influence the decisions that need to be made for the Company.

Because rapid changes in our industry and regulatory environment constantly pose new ethical and legal considerations, no set of guidelines should be considered to be the

absolute last word under all circumstances. Although laws and customs will vary in the many different countries in which we operate, our basic ethical responsibilities are global. For example the Company is in full compliance with the Foreign Corrupt Practices Act. In some instances, there may be a conflict between the laws of countries that apply to the operations of the Company. When you encounter such a conflict, you should consult the Company's Compliance Officer or Corporate Officer to understand how to resolve that conflict properly.

### **Protection of Proprietary Information/Intellectual Property**

The Company's intellectual property – including its copyrights, patents, trademarks, trade and other secrets – and classified government information are at the heart of the Company's technical and financial success. Among the company's most import assets are the Company's innovations – the ideas, discoveries, and inventions of the people who work for the Company.

Employees will protect the company's intellectual property, and act responsibly with the sensitive information of competitors, customers, and other stakeholders. Each employee and those that are granted access to such sensitive information (including company private, competition sensitive, and proprietary information) are obligated to protect and maintain its confidentiality and are prohibited from disclosing it unless authorized by designated Company officials. This sensitive information also includes bid prices, competitor pricing, or technical data, proposal evaluations, or any other data marked by the government as "Source Selection Information." Sensitive information from other companies (or proprietary information) – whether marked with a restrictive legend or unmarked – may only be used for the purpose(s) authorized by the CEO of the Company.

### **Confidentiality Concerning Company Affairs**

It is the Company's policy that business affairs of the Company are confidential and should not be discussed with anyone outside the organization except for information that has already been made available to the public. As a prerequisite and condition of employment, all employees must sign a written agreement confirming this obligation.

### **Respect for Our Employees**

The Company's employment decisions will be based on reasons related to our business, such as job performance, individual skills and talents, and other business/related factors. The Company policy requires adherence to all national, state or other local employment laws. In addition to any other requirements of applicable laws in a particular jurisdiction, the Company policy prohibits discrimination in any aspect of employment based on race, color, religion, sex, national origin, disability or age, within the meaning of applicable laws.

### **Abusive or Harassing Conduct Prohibited**

The Company policy prohibits abusive or harassing conduct by our employees toward others, such as unwelcome sexual advances, comments based on ethnicity, religion or race, or other non-business, personal comments or conduct that make others

uncomfortable in their employment with us. We encourage and expect you to report harassment or other inappropriate conduct as soon as it occurs.

### **Privacy**

The Company, and companies and individuals authorized by the Company, collect and maintain personal information that relates to your employment, including compensation, medical and benefit information. The Company follows procedures to protect information wherever it is stored or processed, and access to your personal information is restricted. Your personal information will only be released to outside parties in accordance with the Company's policies and applicable legal requirements. Employees who have access to personal information must ensure that personal information is not disclosed in violation of the Company's policies or practices.

### **Competition and Fair Dealing**

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, not through unethical or illegal business practices. Information about other companies and organizations, including competitors, must be gathered using appropriate methods. Illegal practices such as trespassing, burglary, misrepresentation, wiretapping and stealing are prohibited. Possessing trade secrets that were obtained without the owner's consent, or inducing such disclosures by customers or past or present employees of other companies is prohibited. Each employee should endeavor to respect the rights of, and deal fairly with, our customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair business practice.

### **Insider Trading**

Federal securities laws prohibit the buying or selling of stock in the presence of "inside information" or information that is not known or disclosed to the public. Company Directors, Officers and employees may not engage in the trading of Company stock or advise others on the trading of Company stock on the basis of, or in the presence of, inside information. Company Directors, Officers and employees may also not engage in "selective disclosure" with individuals who may benefit from, or may advise others to benefit from, the disclosure.

### **Accounting Complaints**

The Company's policy is to comply with all applicable financial reporting and accounting regulations applicable to the Company. Employees, officers or directors who have concerns or complaints regarding questionable accounting or auditing practices are encouraged to promptly submit those concerns or complaints to the Audit Committee of the Board of Directors under the procedures set forth in the Company's "Whistleblower Policy," including on an anonymous and confidential basis if so desired.

### **Public Company Reporting**

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission be accurate and timely. Depending on their

respective positions with the Company, employees, officers or directors may be called upon to provide information necessary to assure that the Company's public reports are complete, fair and understandable. The Company expects employees, officers and directors to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements.

### **Reporting Any Illegal Or Unethical Behavior**

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and, when in doubt, about the best course of action in a particular situation. Any employee, officer or director who believes that a violation of this Code or other illegal or unethical conduct by any employee, officer or director has occurred or may occur should promptly contact a supervisor, a corporate officer, or the Compliance Officer. Such reports may be made confidentially or anonymously. Confidentiality will be protected, subject to applicable law, regulation or legal proceedings.

### **No Retaliation**

The Company will not permit retaliation of any kind by or on behalf of the Company and its employees, officers and directors against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

### **Accountability**

Any violations of this Code may result in disciplinary action, up to and including immediate termination.

### **Amendment, Modification and Waiver**

This Code may be amended, modified or waived by the Board of Directors, subject to the disclosure and other provisions of the U.S. Securities Exchange Act of 1934 and other applicable laws and the rules and regulations there under and the applicable rules of any stock exchange upon which the Company's securities are listed or traded.