

# CODE OF ETHICS & BUSINESS CONDUCT

Business

should be

conducted with

uncompromising

honesty and

integrity.



**Alabama Aircraft Industries, Inc.  
And Its Subsidiaries**

Issue 4 - Revised January 1, 2008



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&  
BUSINESS CONDUCT**



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Dear Colleague:

Alabama Aircraft Industries, Inc. (the “Company” or “AAll”), and its subsidiaries have adopted this booklet, **Code of Ethics and Business Conduct**, as its Code of Ethics. It summarizes the principles and values that are to guide our actions in the marketplace. We expect our agents, consultants, contractors, representatives, and suppliers to be guided by these standards as well.

AAll is a company of integrity and high standards. Our reputation for honest and reliable business conduct, developed by so many people over the years, is tested and proven in each business transaction we make. The stakes are high in today’s skeptical business environment. We must meet and surpass requirements and expectations.

We believe that ethical conduct requires more than compliance with the laws, rules, and regulations that govern our business. We are a company that values teamwork, sets team goals, assumes collective accountability for actions, embraces diversity, and shares leadership. We are an organization that is deeply committed to excellence and pursues superior performance in every activity. Underlying and supporting the Company is the personal integrity of each of our employees and the highest standards practiced in professional conduct. Maintaining sensitivity to the diverse social and cultural settings in which we conduct our business, the Company aims to set the standard for ethical conduct at all of our localities.

There are numerous resources available to assist you in meeting the challenge of performing your duties and responsibilities in a consistently ethical and appropriate manner. If you are faced with a difficult ethical decision, your supervisor is usually the best source of information and guidance. Additionally, Legal, Human Resources and Compliance & Internal Audit management are available to assist you whenever necessary. Corporate policy statements and procedures and subsidiary policies and procedures, which provide details pertinent to many of the provisions of the **Code of Ethics and Business Conduct**, can be obtained at the Human Resources Department. Although there can be no better course of action for you than to apply common sense and sound judgment to the manner in which you conduct yourself, do not hesitate to use the resources that are available whenever it is necessary to seek clarification. We are proud of our employees and the leadership role our Company plays in making the world a better place to live. Thank you for doing your part to create and maintain an ethical work environment.

**Ronald A. Aramini**

***President and Chief Executive Officer***

***Alabama Aircraft Industries, Inc.***

## Introduction to the Code as a Business Conduct Resource

This booklet is more than a set of rules. It is an important resource to guide Alabama Aircraft Industries, Inc. (“AAIL”), its subsidiaries, employees, and suppliers, in making the right and proper choices, good choices for the Company and our customers, shareholders and the communities where we live and work. The Code of Ethics and Business Conduct addresses not only those areas in which we must act in accordance with law or regulation, but it establishes the responsibilities, policies, and guiding principles that will assist us in taking proper action on the Company’s behalf.

This Code applies to you. As an employee, contractor or vendor of AAIL, and its subsidiaries, you are obligated to conduct yourself in accordance with the spirit and the letter of the guidelines set forth herein. Laws, rules, policies and procedures will change from time to time, and employees and other business associates are encouraged to obtain the most current information when considering a specific action. The Code provides guidance of a more general nature; guidance that will help us to make decisions in those gray areas where laws, regulations and policies may not be available.

AAIL’s policy requires you to comply with, the laws, rules, and regulations of federal, state and local governments, international jurisdictions in which you or AAIL, and/or its subsidiaries are doing business. AAIL employees should avoid any activity that may create the appearance of improper or questionable conduct. Of course, situations will arise which may not fall precisely within the parameters of these guidelines. If you are uncertain whether your potential conduct is in compliance with this Code, or if you are simply unsure about how you should approach an issue, you should contact your Human Resources Department, or the Legal and Corporate Affairs Department, or the Compliance and Internal Audit Department for further guidance. If you believe

that a crime or other violation of applicable law or Company policy has or is likely to occur, you have an affirmative obligation to communicate the facts as you know them, either by the Hotline (see appendix A), email, fax or hard copy letter.

To facilitate disclosure of potential crimes or other violations, the Board of Directors has also established a Hotline for your use. The Hotline, the Legal and Corporate Affairs Department and the Compliance and Internal Audit Department are the official AAll points of contact for reporting any actual or suspected crimes or violations of this Code or any other matters of non-compliance with laws or regulations. The Board of Directors has charged the Director, Compliance and Internal Audit with reviewing and screening all potential crimes or other violations from the Hotline.

Depending on the circumstances of the reported incident, the Company may conduct an investigation and, if appropriate, may institute preventive or remedial measures. Neither AAll nor its subsidiaries or employees are permitted to take retaliatory measures against any employee who communicates information in good faith using the Hotline procedures. The Board of Directors has charged the Vice President-Legal and Corporate Affairs with determining the appropriateness of an investigation in any given situation, subject to oversight by the Board.

AAll's Board of Directors has formally adopted this Code of Ethics and Business Conduct and has assigned the overall responsibility of overseeing compliance with this Code to AAll's Corporate Legal Department and Corporate Compliance and Internal Audit Department. This Code of Ethics & Business Conduct consists of aspirational standards. It is not a legally binding contract.

# ALABAMA AIRCRAFT INDUSTRIES, INC, THE ETHICS AND BUSINESS CONDUCT POLICY

## **Policy Requirements**

Alabama Aircraft Industries, Inc. (the “Company or AAI”) and its subsidiaries will conduct business fairly, impartially, in an ethical and proper manner, and in full compliance with all laws and regulations. In conducting its business, integrity must underlie all company relationships, including those with employees, customers, suppliers, competitors, shareholders, and the community. The highest standards of ethical business conduct are required of Company employees in performance of their Company responsibilities. Employees will not engage in conduct or activity that may raise questions as to the Company’s integrity, honesty, impartiality, or reputation or which may otherwise cause embarrassment to the Company.

## **Policy Responsibilities**

Every employee has the responsibility to ask questions, seek guidance, report suspected violations, and express concerns regarding compliance with this policy and its related procedures. The Company maintains a program to communicate to employees its commitment to integrity and uncompromising values, as set forth in the Company’s ethical principles on the following pages. The program informs employees of Company policies and procedures regarding ethical business conduct and assists them in resolving questions and reporting suspected violations. Retaliation against employees who use Company reporting mechanisms to raise genuine concerns will not be tolerated. The Ethics and Business Conduct Committee is responsible for providing policy guidance and issuing procedures to assist employees in complying with the Company’s expectations of ethical business conduct and uncompromising values. This policy and related procedures constitute the standards of ethical business conduct required of all employees. Supervisors and managers are responsible for supporting their implementation.

# THE CODE

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## A. PRINCIPLES, VALUES AND COMMITMENTS BY WHICH WE DO BUSINESS

### Principles and Values

- ***Integrity:*** We say precisely what we mean, and we deliver what we promise. We are willing to raise and address difficult issues that may affect safety, performance, or legal responsibility. We forthrightly admit errors and make amends where appropriate. We are honest and forthright in our dealings with employees, customers, agents and consultants, suppliers, competitors, shareholders, and the community. We conduct our business with respect for laws and regulations, and promotion of individual responsibility to ensure that all actions are based on the highest ethical standards.
- ***Responsibility:*** We speak out without fear of reprisal when calling attention to any workplace violation of laws and regulations, safety design and engineering issues, ethics, sexual harassment, equality, diversity, health, safety, security and environmental issues.
- ***Trust:*** We are stewards of our customers' businesses. We place the best of our thinking, energies and abilities into supporting customer enterprises.
- ***Respect:*** We equally value differences, as well as similarities, in all of our customers, agents and consultants, suppliers, competitors, shareholders and communities. We treat others, as we would want to be treated—attentive to personal dignity and receptive to diversity of ideas. We recognize the value that comes from respecting individuality, personal experience, and varied backgrounds.

- **Teamwork:** We encourage teamwork because it promotes trust, openness, challenge, opportunity and growth.
- **Quality:** We embrace quality and continuous improvement as 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.
- **Citizenship:** We obey all the laws of any country in which we do business. We respect environmental concerns, and give back to the communities in which we do business by improving and enriching community life. We serve as stewards of the environment.

These principles support and guide our leadership in establishing the strategic direction of the Company. Our employees, representatives, and suppliers are expected to conduct their business in accordance with these ethical principles as well. We must do more than be compliant with laws, regulations and policies; we must work according to our ethical principles to conduct ourselves in a manner beyond reproach. The Company's reputation is based on the personal integrity of each of its employees and those with whom we do business. Sound judgment must be exercised in the service of our reputation as a business leader, employer of choice, and good corporate citizen.

## **Values That Inspire**

### **ETHICS**

We will be well informed in the regulations, rules, and compliance issues that apply to our businesses. We will apply this knowledge to our conduct as responsible employees and will adhere to the highest standards of ethical conduct in all that we do.

## **EXCELLENCE**

The pursuit of superior performance infuses every company activity. We excel at meeting challenging commitments even as we achieve total customer satisfaction. We demonstrate leadership in advancing new technologies, innovative manufacturing techniques, enhanced customer service, inspired management, and the application of best practices throughout our organization.

## **“CAN DO” LEADERSHIP**

We demonstrate individual leadership through a positive approach to every task, a "can-do" spirit, and a restless determination to continually improve. We pursue new business, determined to add value for our customers with ingenuity, determination and a positive attitude.

## **PEOPLE**

Outstanding people make our company unique. Success in rapidly changing markets requires that we continuously learn and grow as individuals and as an organization.

## **Our Commitment**

For our **employees** we are committed to honesty, integrity, fairness, respectfulness, and a provision for a secure, safe and healthy environment, free from the fear of retribution.

For our **customers** we are committed to producing reliable products and services, delivered on time, at a fair price.

For the **communities** in which we live and work we are committed to observing sound environmental business practices, acting as concerned and responsible neighbors, and reflecting all aspects of good citizenship.

For our **shareholders** we are committed to pursuing sound growth and earnings objectives and to exercising prudence in the use of our assets and resources.

For our **suppliers** we are committed to fair competition.

## **B. LAWS AND REGULATIONS**

### **Obey the Law**

We will conduct our business in accordance with all applicable laws and regulations. The laws and regulations related to government contracting are far-reaching and complex, thus placing substantial responsibilities on AAll, and its subsidiaries beyond those faced by most companies. Compliance with the law does not comprise our entire ethical responsibility. Rather, it is a minimum, absolutely essential condition for performance of our duties.

The Company operates within the bounds of the laws, rules, and regulations that are relevant to our business. The rule of law is fundamental to civil society, to the democratic process, and to the conduct of business in a dynamic global marketplace. However, today's market demands that companies meet higher standards—simply obeying the law is not enough. To achieve higher standards of behavior, we need to make business decisions that are aligned with our ethical principles of integrity, responsibility, trust, respect, teamwork, quality, and citizenship.

The Company's employees are expected to know and to follow the law. Supervisors must ensure that employees understand the values, as noted on pages 11 and 12, and are informed of the requirements relating to their jobs. They must also be available to answer employee questions or concerns and to guide them to other company subject-matter resources when necessary. The Company's suppliers and agents, including representatives and consultants, must be informed as well. There are serious consequences for failing to follow the law, up to and including termination of employment. Laws and regulations are sometimes ambiguous and difficult to interpret. In such situations, contact the Vice President, Legal and Corporate Affairs, Director Human Resources or the Director, Compliance and Internal Audit.

## **Antitrust Laws, Economic Competition and Restraint of Trade**

“Antitrust” is a blanket term for laws that protect the free enterprise system and promote open and fair competition. Such laws exist in the United States, the European Union, and in many other countries. These laws deal with agreements and practices "in restraint of trade" such as price fixing and boycotting suppliers or customers, for example. They also bar pricing intended to run a competitor out of business; disparaging, misrepresenting, or harassing a competitor; stealing trade secrets; bribery; and kickbacks. Antitrust laws are vigorously enforced. Violations may result in severe penalties such as significant fines against the Company. There may also be sanctions against individual employees including substantial fines and prison sentences.

Maintaining a level playing field in the course of doing business fosters fair play, promotes healthy competition and contributes to keeping the global marketplace dynamic and robust. When a company has an unfair advantage in the marketplace, competition is stifled and customers are negatively affected. The Company supports fair trade and free enterprise.

### **Prohibited “restraint of trade” practices that violate antitrust laws generally include:**

- Agreements and understandings among competitors to fix or control prices
- Boycotts of specified suppliers or customers
- Efforts to misrepresent, disparage, or harass competitors
- Coordination with competitors to allocate customers and/or territories
- Limitations on the production or sale of products for anticompetitive purposes
- Contracts or other arrangements that involve exclusive dealing

- Tie-in sales or other restrictive agreements with suppliers and customers
- Price discrimination

U.S. law prohibits U.S. firms and persons (and their controlled foreign subsidiaries) from complying with foreign countries' boycotts against countries friendly to the United States, and from providing information concerning business relationships with boycotted countries. The Company will not participate in any foreign economic boycott not sanctioned by the U.S. Government, and will not provide information concerning business relationships with boycotted countries.

The Company must report any direct or indirect request to participate in an unsanctioned boycott or forward prohibited boycott-related information to the U.S. Department of Commerce. Company employees will not engage in any discussion with representatives of other companies, agencies, or governments regarding possible "restraint of trade" or anti-boycott activities. You must report to the Corporate Legal Department any such discussion initiated by any customer or potential customer. Violations of U.S. antitrust and anti-boycott laws or regulations can subject both the Company and the employee to severe criminal and civil penalties and fines.

## **International Business Laws: Export and Import Laws**

Corruption erodes confidence in the marketplace, undermines democracy, distorts economic and social development, and hurts everyone who depends on trust and transparency in the transaction of business. The Company is committed to conducting its activities free from the unfair influence of bribery and to foster anti-corruption awareness among its employees and business relations throughout the world.

**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, officials or candidates, for the purpose of influencing them to misuse their official capacity to obtain, keep, or direct business or gaining 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.

International transfers of equipment or technology are also subject to laws and regulations -- such as the **International Traffic in Arms Regulations (ITAR)** and the **Export and Administrative Regulation (EAR)** - that may contain prior approval, licensing, and reporting requirements. Additionally, it is illegal to enter into an agreement to refuse to deal with potential or actual customers or suppliers, or otherwise to engage in or support restrictive international trade practices or boycotts.

It is always important that employees conducting international business know and abide by the laws of the countries, which are involved in the activities or transactions. These laws govern the conduct of Company employees throughout the world. If you participate in these business activities, you should know, understand, and strictly comply with these laws and regulations. If you are not familiar with these rules, consult with the Corporate Legal Department prior to negotiating with any foreign entity.

### **Political Contributions**

The Company's Political Action Committee will provide employees of AAll, and its subsidiaries the ability to collectively support, on a bi-partisan basis, candidates who understand and are committed to our free enterprise system.

The Political Action Committee support will be given to candidates for local, state, and federal office who are committed to fostering the economic well being of the communities in which our operations and subsidiaries are located and our employees live.

The Political Action Committee was established to:

- Encourage employees to participate in the political process that so significantly affects their lives and livelihood.
- Provide a means whereby employees can collectively preserve and strengthen our free enterprise system of economic and political freedom.
- Support candidates for political office who are in accord with the best interests of our free enterprise system, our industry and our company.

Your decision to contribute or not contribute to the Political Action Committee is entirely voluntary. Your decision to contribute should be motivated by a desire to be part of our democratic political process. No one will be either rewarded or disadvantaged by the Company because of their decision to contribute or not to contribute.

## **Insider Trading**

There shall be no unauthorized release of financial information to the public, United States Government procurement, administration, audit and investigative agencies, or to government prime contractors and lower tier contractors. The Chief Financial Officer shall be the only person permitted to release financial information.

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation and integrity of AAll, and its subsidiaries, as well as that of all persons affiliated with it. The Company has issued a policy concerning insider trading in Company securities and confidentiality of information. Additional rules and restrictions apply to all officers, directors, and designated key employees and consultants of the Company, to include

corporate financial and accounting personnel and the senior financial and accounting personnel of the Company subsidiaries. Other employees who have access to material nonpublic information are also subject to the related insider trading policies and procedures. The Company has sole discretion to determine which employees are subject to these requirements. Detailed provisions regarding insider reporting and short-swing profits, applicable only to the Company's officers, directors and persons who hold 10% or more of the Company's outstanding common stock, are contained in the Company's Insider Trading Policy. All questions regarding this statement should be directed to the Vice President, Corporate and Legal Affairs.

## **C. THE WORK PLACE CULTURE**

### **We promote a positive work environment**

All employees want and deserve a workplace where they feel respected, satisfied, and appreciated. We respect cultural diversity and recognize that the various locations in which we do business may have different legal provisions pertaining to the workplace. As such, we will adhere to the limitations specified by law in all of our localities, and further, we will not tolerate harassment or discrimination of any kind -especially involving race, color, religion, gender, age, national origin, disability, and veteran or marital status. We respect the personal dignity of individual employees; we will honor diversity, and be intolerant of violence, discrimination, harassment, or retribution in our workplace. We strive to be an employer of choice committed to creating, managing, leveraging, and valuing diversity. We work hard to create a positive work environment where each individual is appreciated, proud, satisfied, and adds value to the company.

### **We promote a secure, environmental, safe, healthy work place**

We are committed to providing a drug-free, safe, secure, and healthy work environment, and to observing environmentally sound business practices. Each of us is responsible for compliance with environmental, health, and safety laws and regulations and should observe posted warnings and regulations and report immediately to management any accident or injury sustained on the job, or any environmental or safety issue noted.

## D. FINANCIAL, INFORMATIONAL, INTELLECTUAL, AND PHYSICAL ASSETS

### **Financial Integrity: Keep Current, Accurate, and Complete Records.**

Our reputation depends on the confidence others have in us, which is partly based on the accuracy of our written records and verbal statements. By demonstrating honesty in our accounting, internal controls, auditing and labor charging practices, we generate trust with our shareholders and enhance our reputation. When we fail to record financial information in a current, accurate and complete manner, we severely damage our reputation; we risk losing business and decreasing customer and shareholder confidence.

We will only use company funds or assets for purposes that can be disclosed and recorded promptly and accurately in our books and records, in accordance with our internal controls. We will not make false entries for any reason, nor will we alter documents or sign documents when we lack the proper authority to do so. We will not make or approve payments on behalf of the company if they will not be used or might be used for something other than the stated purpose. The Company's financial books, records, and statements will properly document all assets and liabilities, accurately reflect all transactions of the corporation, and will be retained in accordance with the Company's record retention policies and all relevant laws and regulations. We will maintain complete, accurate and timely records and accounts to reflect all business transactions. We will safeguard all physical, financial, informational and intellectual company assets. We will use economic, risk-based criteria to make business decisions. We will provide timely, candid forecasts and assessments to management and the Board of Directors. No employee, agent, representative, supplier, or customer should falsify a record to conceal facts. We will follow the Sarbanes-Oxley Act Section 404, Controls over Financial Reporting, Cost

Accounting Standards (CAS), Federal Acquisition Regulation (FAR), Generally Accepted Accounting Principles (GAAP) and the Financial Accounting Standards Board (FASB) Statements to provide a uniform basis for measuring, managing, and reporting the Company operations.

### **Labor Charging and Other Charging**

The accurate charging of labor, material, and other costs are prerequisite to maintaining the integrity of the company's customer billings, financial reporting, and strategic planning process. Each of us is responsible for charging our time to the appropriate cost objective or work authority (i.e., charge number). The deliberate mischarging of work time or timecard fraud not only violates the Company policy, it is also a crime under the laws and regulations relating to government and other contracts. Deliberate mischarging can subject the Company to penalties and debarment from participation in government contracting and can result in an offending employee being discharged and subject to criminal prosecution. Examples of mischarging include, but are not limited to, recording more hours than actually worked, recording time missed as if those hours were actually worked, claiming overtime hours not worked, and knowingly approving a falsified timecard.

### **Protect, Restrict and Control Proprietary Information or Data & Intellectual Property**

It is the Company's policy to protect, restrict, and control the proprietary information or data of its business. Proprietary information or data includes, but is not limited to, all valuable information, technological data and knowledge, patents, trademarks, trade names, copyright data, trade secrets, customer lists, customer information and data, financial information, certification data, contracts, contract information, contract bid analysis, bid information, bid proposals and research material, concepts, data owned or internal forms/reports/files used by the Company, or any of its subsidiaries in their business whether or not it indicates

proprietary, but does not include information that is public knowledge.

Proprietary information or data are at the heart of the Company's technical and financial success. Among Company's most important assets are our innovations, discoveries, and inventions of the people who work for the Company. Our competitors view their own products and creative materials the same way. The Company employees will protect the company's proprietary information or data, 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.

The Company employees will not use improper means to seek proprietary information about a competitor, especially theft, illegal entry, electronic eavesdropping, computer hacking or surveillance. We will use diligence not to transfer outside the company confidential electronic mail messages or any message intended for internal use only.

### **Be Prudent, Thrifty and Reasonable In Use of Company Assets**

Effective use of company resources is critical to our bottom line. When we use company resources wisely, we demonstrate our efficiency. When we waste company resources, we increase company costs and reduce productivity. The Company commits to our shareholders and customers that our employees will demonstrate good judgment and discretion when utilizing company or customer-owned resources.

Company resources include, but are not limited to, computers, telephones, Internet access, electronic mail (email) tools, voice mail, reproduction equipment, facsimile systems, production and operational materials, vehicles, tools, and other equipment and facilities. Employees will use company, customer or government owned assets first and foremost and only for business purposes and advancing the company's strategic objectives.

Every employee is responsible for safeguarding these assets, never borrowing or removing them from company premises without proper authorization and always being mindful not to deplete their value, add significant cost for the company, or use them in a manner that adversely affects the company's reputation.

Games are strictly prohibited from the Company personal computers. Employees are prohibited from having games on their physical hard drives, personal network drives, floppy drives, compact disk drives, etc. Also games are not to be played via the Internet or E-Mail.

Employees are prohibited from burning CD's and/or DVD's to their hard drives, personal network drives, floppy drives, compact disks drives, etc. Also, employees are prohibited from using company computers to copy personal CD's and/or DVD's.

The use of the E-mail system is strictly limited to Company business. All users of the E-Mail system will avoid messages disruptive or offensive (e.g., involving sexually explicit materials, or materials that are discriminatory, hateful, or threatening, as examples) to others and will not forward them by e-mail.

Company assets may not be used in support of a personal business, consulting effort, or similar private venture, or to support the business of another company or firm, outside fund raising activity, political activity, or lobbying.

## **Bid, Negotiate, Perform, and Market in Good Faith**

Our success in the marketplace is based on the quality of our products and services, the perception that our products and services provide value to our customers, and the competence and honesty of our product and sales presentations. The Company prospers only to the degree that we serve our customers well, and treat them, our suppliers, and competitors fairly and honestly. When we fail to negotiate, perform, or market in good faith, we damage our reputation and lose the loyalty of our customers. Fair competition is the hallmark of our relationships. Our business dealings will be honest, frank and respectful, and we strive to generate mutually advantageous relationships and satisfactory outcomes.

If you are involved in proposals, bid preparations, or contract negotiations, you must be certain that all statements, communications, and representations to prospective customers are accurate and truthful. Once awarded, all contracts must be performed in compliance with specifications, requirements, and clauses.

## **Marketing, Negotiations, and Contract Execution**

We are committed to the truthful and accurate communication of information about our products and services. Promotional materials will be honest and factual, not misleading or deceptive. Our employees are expected to execute Company agreements in an ethical and conscientious manner, and always in accordance with our contractual obligations. We do not substitute equivalent materials without notifying and obtaining approval from our customer, deliver similar goods made from lower-quality materials, deliver materials that have not been inspected or tested as required, or provide foreign-made materials when domestic materials were specified. We obtain proper approvals before deviating from a contract or other agreement.

## **Cost and Pricing Data**

As a Company that provides goods and services to the United States Government, we must be especially vigilant in ensuring that we negotiate our contracts fairly and truthfully in compliance with the **Federal Acquisition Regulation (FAR) and the Cost Accounting Standards (CAS)**. In some cases, as with the **Truth in Negotiations Act** in the United States, we are required to disclose all cost or pricing data that supports our proposals (even if we choose not to use that data in our proposals). To this end, we will make no false claims or seek to misrepresent relevant information.

## **Contract Performance**

Every day, thousands of individual tasks are completed successfully that meet or exceed our customers' expectations and fulfill the company's contractual obligations. Quality at the Company means doing the job right, on time, and always to the reasonable satisfaction of the customer. Quality is an attitude that results in doing our job right the first time, with concern for the highest ethical standards and personal integrity. Quality is at the core of the way we conduct our business.

## E. RELATIONSHIPS

### **We Build Integrity & Trust In Our Relationships with Suppliers, Consultants, Agents and Representatives**

We endeavor to treat all suppliers uniformly and fairly. In deciding among competing suppliers, it is our goal to objectively and impartially weigh all facts in making an award decision and to avoid even the appearance of favoritism. We strive to follow established routines to best serve our customers and procedures in the procurement of all goods and services. Suppliers are urged to respect the limitations that the Company places on its employees in accepting gifts or other items of value and to avoid putting our employees in an uncomfortable situation by offering them gifts or other favors that they may not by company policy accept.

#### **Supplier Relationships**

We expect our purchasing agents and buyers to follow the guidelines below.

We will follow the **Federal Acquisition Regulation (FAR)** when purchasing materials and services for use in fulfilling government contracts.

We will provide a competitive opportunity for suppliers to earn a share of the Company's purchasing volume, including small businesses and businesses owned by the disadvantaged, minorities and women.

We will enlist supplier support in ensuring that the Company consistently meets and exceeds customer expectations of quality, cost and delivery.

We will do business only with suppliers who comply with local and other applicable legal requirements and any additional Company standards relating to labor, environment, health, security and safety, intellectual property rights and improper payments.

## **Consultants, Agents and Representatives Relationships**

Business integrity is a key standard for the selection and retention of those who represent the Company. Agents, representatives, or consultants must be willing to comply with the Company's policies and procedures and must never be retained to circumvent our values and principles. Paying bribes or kickbacks, engaging in industrial espionage, obtaining the proprietary data of a third party without authority, or gaining inside information or influence are just a few examples that would not be tolerated in a government procurement environment and could result in violations of law.

## **Avoid Illegal Gifts, Favors, Gratuities and Business Courtesies**

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.

AAll recognizes that gifts, gratuities, and other business courtesies may occasionally be appropriate in building and maintaining business relationships with customers, suppliers, and other stockholders. 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.

When considering whether to accept or offer a gift, gratuity, or other business courtesy, AAll employees are expected to use moderation and prudent judgment. If you are a buyer, influence buying, or are involved in procurement transactions in any way (e.g., determine specifications, evaluate bids, etc.), you must be especially careful not to create the appearance of special treatment. In other words, you must

refrain from offering or accepting business courtesies that could be perceived as affecting your objectivity or influencing your decisions. If the “right thing to do” is not obvious, seek guidance from your supervisor, the Corporate Legal Department or Corporate Compliance & Internal Audit Department

### **Gifts, Gratuities, and Other Business Courtesies**

Generally, we limit ourselves to gifts, meals, transportation, or entertainment of nominal or insignificant value. Specific rules and exceptions are established in relevant Company policies. Each employee is expected to know and abide by these rules. When offering a business courtesy, it must be consistent with acceptable marketplace practices, not lavish or extravagant, and not restricted by the recipient organization’s own rules or standards of conduct.

### **Government Gift Policies**

Government employees are subject to varied and complex rules, often prohibiting them from accepting anything of value unless specifically provided for in relevant statutes or regulations. These rules flow down to prime contractors and higher-tier or major subcontractors who are conducting the Government’s business, so it is important to remember that even commercial customers could be subject to government regulations in such circumstances. Under no circumstances should an employee of Alabama Aircraft Industries, Inc. or its subsidiaries entertain government employees.

Employees of Alabama Aircraft Industries, Inc. and its subsidiaries are prohibited from giving anything of value to federal Executive Branch employees, except as follows:

- AAI advertising or promotional items of little intrinsic value (generally \$10.00 or less) such as a coffee mug, calendar, or similar item displaying the Company logo;

- Modest refreshments such as soft drinks, coffee, and donuts on an occasional basis in connection with business activities; or
- Business-related meals and local transportation having an aggregate value of \$20.00 or less per occasion, provided such items do not in aggregate exceed \$50.00 in a calendar year. Although it is the responsibility of the government employee to track and monitor these thresholds, no AAII employee shall knowingly provide meals and/or transportation exceeding the \$20.00 individual or \$50.00 annual limit.

Employees of federal Legislative and Judiciary Branches and employees of state and local government departments or agencies are subject to a wide variety of different laws and regulations. These laws and regulations must be consulted prior to offering such employees anything of value.

### **Bribes**

Laws and regulations, such as the **Anti-Kickback Act and the Foreign Corrupt Practices Act (FCPA)** in the United States, have been created to ensure that business decisions are free from unfair influence. Bribes and other corrupt offers not only violate Company policy, they are illegal, subjecting both the Company and the individual to civil and criminal penalties. When dealing with government customers or officials, we must be especially mindful because these laws and regulations have been put in place to protect the public's interest. Any offer of money or gifts intended to influence a business decision should be reported to your supervisor or the Corporate Legal Department or Corporate Compliance and Internal Audit Department.

### **Disclose and Resolve Potential Conflicts of Interest and Employing Former Government Officials**

Integrity in a business relationship means that all participants are working together for the common good, and are not

making unethical decisions based on self-interest. When we act with integrity, we earn trust and build long-term customer relationships. When we act, or appear to be acting, in our own self-interest, we lose trust and damage our reputation.

We expect that our business will be conducted free from any actual or potential conflict that might arise when one's loyalty is split between personal interests and those of the company. Judgment can be affected in any transaction or relationship where an individual might find that the Company's interest competes with his or her own.

There are extensive conflict of interest laws and regulations regarding the employment or use of former military and civilian government personnel. These rules extend to contact or negotiations with current government employees to discuss their potential employment by the Company or their use as consultants or subcontractors. It is your responsibility to know these rules.

You must disclose any matter that casts doubt on your ability to act objectively and in Company's best interest. Employees, representatives, and agents of the company who may have an actual or potential conflict should report all pertinent details to their supervisor and to the Vice President, Legal and Corporate Affairs.

Any of the following situations could present a conflict of interest and should be disclosed:

- Employment by a competitor, regardless of the nature of the employment, while employed by the Company.
- Placement of business with a firm in which an employee or close family member has a substantial ownership or management interest.
- Ownership of, or substantial interest in a company, which is a competitor or a supplier to the Company or

acting independently as a consultant to the Company customer or supplier.

- Using Company assets, intellectual property, or proprietary interests for personal gain. Acceptance of anything of value—such as gifts, discounts, or compensation—from an individual or entity that does or seeks to do business with the Company.
- Employing or discussing employment with former government employees, or using them as consultants or subcontractors in violation of relevant laws or regulations. Hiring friends or relatives to work directly for you at the Company, especially when you have control or influence over their work assignments, compensation, or promotional opportunities.

### **The Hotline**

At the direction of the Board of Directors, AAll management has established the “Hotline” to assist our employees in: (1) complying with their ethical, business conduct and legal obligations, (2) reporting suspected violations of applicable laws, (3) complying with internal controls, accounting and auditing matters, and (4) complying with AAll policies and procedures. The Hotline will enable you to express your concerns about possible violations of law or the Company’s policies without fear of retribution or retaliation of any kind.

If you need assistance in evaluating proposed conduct, or if you observe or suspect any violation of Company policies, Code of Ethics & Business Conduct including internal controls/accounting/auditing matters, you first tell your supervisor or manager, if possible. If you are uncomfortable for any reason in talking to your supervisor or manager, or if you suspect what you believe to be really serious problems or any violations of the law, you are urged to call or use the Internet E-Mail, of one of the following persons:

**Vice President, Legal and Corporate Affairs:  
(205)-510-4935**

An independent third party, not AAll or its division and/or subsidiaries, operates the Hotline. If you wish to remain anonymous, the Hotline representative with you whom you speak will respect your decision. However in order to better investigate your concerns, we ask you to consider sharing your name with the hotline representative or with the corporate managers named above. Some matters, such as claims of sexual harassment can only be handled if you provide your name, although observations of sexual harassment of other persons can be handled anonymously.

You should feel free to call the Hotline at any time. All appropriate calls received on the Hotline will be investigated. While the investigators will endeavor to maintain the confidentiality of your communication, in order to conduct an investigation it may be necessary that your identity be disclosed. It is the express policy of the Company, however, that no retaliatory action of any sort will be taken against the employee using the Hotline procedure in good faith.

## **Reporting Violations of the Code and Consequences, and the Ethics and Business Conduct Compliance Agreement**

The policies set forth in Alabama Aircraft Industries' Code of Ethics and Business Conduct Booklet and the Company's policies and procedures, together with good common sense and your sense of right and wrong, are meant to guide your decisions. Your strict adherence to this Code and the policies set forth in other Company materials is required. Employees and agents found to have violated Company policies, or those who fail to communicate knowledge of such violations, **will be subject to appropriate disciplinary action, including termination of employment with AAll and in some cases, potential civil and criminal liability.**

You are required to report any violations of the policies set forth in this Code of which you have knowledge or relevant information. No retaliatory measures will be taken against any employee who reports a violation of this Code or other Company policy in good faith, and the Company will investigate the report in a confidential manner, to the extent reasonable.

An **Ethics and Business Conduct Compliance Agreement** will be distributed periodically to all appropriate Company employees and agents who will be required to certify and affirm their continued compliance with this Code and other Company policies. The Company will appropriately monitor your compliance.

**Your compliance with this Code cannot and does not guarantee your continued employment, nor will your employment status as an at-will employee under applicable law be altered by this or any other Company documents.**

Alabama Aircraft Industries continually reviews its policies and reserves the right to modify and supplement, amend or delete any provisions in this Code. This Code does not represent the entirety of policies of the Company. It is however designed to give you guidance to many essential policies.

## **Appendix A**

### **Who To Contact**

Alabama Aircraft Industries' Vice President of Legal and Corporate Affairs may be reached by telephone, mail or facsimile machine as follows:

Alabama Aircraft Industries, Inc  
1943 50th Street North  
Birmingham, Alabama 35212

**The Alabama Aircraft Industries  
Ethics and Business Conduct  
Hotline: (800)-648-1478**

**Vice President of Legal and Corporate Affairs  
Telephone: (205) 510-4935  
Fax: (205) 595-7079**

Caller identification is not used on any  
Hotline telephone numbers.

If the person you call initially is not available,  
call the Alabama Aircraft Industries Ethics and Business  
Conduct Hotline or contact the person named above to  
report any matters required to be reported under this Code.

## **Appendix B**

### **Alabama Aircraft Industries, Inc.**

#### **Code of Ethics & Business Conduct Annual Compliance Certificate**

I have received, read, understand and agree to the terms and conditions set forth in the Alabama Aircraft Industries, Inc. Code of Ethics & Business Conduct Booklet. In addition, to the best of my knowledge, information and belief, I affirm that I have not engaged in any actions that could be considered a violation of the Code of Ethics and Business Conduct, I'm not aware of anyone who reports to me who has violated the code, and I do not have knowledge of any other person who has engaged in any such conduct, except as indicated below (write "none", if appropriate). Furthermore, I affirm that I will promptly report any violations of this Code in the future.

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Signature

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Name (Print or Type)

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Title

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Division or Subsidiary

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Date

