

## WHITE ELECTRONIC DESIGNS CORPORATION CODE OF ETHICS AND BUSINESS CONDUCT

### Introduction

White Electronic Designs Corporation, including its subsidiaries, ("White" or the "Company") is committed to achieving and maintaining the highest professional and ethical standards in the conduct of its business. An uncompromising adherence to ethical excellence is integral to creating and sustaining a top-level business culture at the Company. This document has been adopted by White's Board of Directors as the Company's Code of Ethics and Business Conduct.

The term "ethics" refers to principles that define behavior as right, good and proper. Such principles do not always dictate a single "moral" course of action, but provide a means of evaluating and deciding among competing courses of action. There are six pillars of ethical values that we believe help us filter through these choices:

- *Trustworthiness* - When others trust us, they give us greater leeway because they feel we do not need monitoring to ensure that we will meet our obligations.
- *Respect* - Everyone has a right to be treated with dignity and respect. In doing so, we have a responsibility to be the best we can be in all situations, even when dealing with challenging or unpleasant people.
- *Responsibility* - The conduct of business, and life in general, is full of choices. Being responsible means being in charge of our choices and thereby, our lives. It means being accountable for what we do and who we are.
- *Fairness* - Acting and making decisions based on fairness implies an adherence to a balanced standard of justice without reference to one's own bias or interests.
- *Caring* - It is the heart of ethics, because ethics is ultimately about good relations with other people.
- *Citizenship* - These are civic virtues and duties that prescribe how we ought to behave as part of a community.

This Code is intended to conform to the requirements of the Sarbanes-Oxley Act of 2002 in that it applies to the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, any other executive officer of the Company who may hold office from time to time, any division controller of the Company and any other person performing functions similar to those of a senior financial officer of the Company. This Code also applies to each other officer and each employee and director of the Company. All of the people covered by this Code are considered "Covered Persons."

This Code is available for viewing on the Company's internet website at [www.wedc.com](http://www.wedc.com) and may be filed each year as an exhibit to the Company's Annual Report on Form 10-K. The Company will publicly disclose (i) any change to this Code that applies to any officer or director of the Company, or any other person performing functions similar to those of a senior financial officer, and (ii) the grant of a waiver to any such individual of any provision of this Code (which waiver will be subject to prior approval by the Company's independent directors). Such public disclosure will be made by the filing with the Securities and Exchange Commission (the "SEC") of a Report on Form 8-K and/or the prompt disclosure of such change on the Company's internet website.

### Code of Ethics and Business Conduct

The Covered Persons, while they are engaged to work for or on behalf of the Company, must at all times conduct themselves and their activities on behalf of the Company with uncompromising honesty and integrity. Covered Persons are expected to adhere to the highest ethical standards regardless of personal interests, industry customs or the demands of others. They are expected to be honest and forthright in dealing with each other and with the Company's customers, vendors, advisors and other third parties. This Code is intended to promote not only 'doing things right', but also 'doing the right things' to maintain the corporate integrity of the Company and the personal integrity of each Covered Person. Our philosophy is that the Company's business practices should be compatible with the commercial, economic and social priorities of any locale in which we operate. While the style of commercial dealings may vary among certain industries and in different cultures, we believe that honesty and integrity must always characterize our business activity and will never be the subject of criticism.

Every Covered Person is at all times expected to:

- act with honesty and integrity, avoiding actual or apparent conflicts of interest between personal and professional relationships, and, in cases where an actual or apparent conflict of interest arises, taking appropriate and timely action to notify management of such conflict and to remove him or herself from the situation that gives rise to the conflict;
- comply fully with all applicable laws, regulations and rules of federal, state, local and foreign governments and regulatory authorities;
- ensure that information provided in the Company's periodic reports filed with the SEC and in other public communications is accurate, complete, fair, objective, relevant, timely and understandable;
- act responsibly and in good faith in the execution of his or her duties, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be compromised;
- respect applicable obligations of confidentiality when dealing with Company or third party information in the course of one's work, and not use any such information for personal advantage or gain;
- proactively promote ethical behavior as a responsible partner among peers in the workplace, including promptly reporting to appropriate persons within the Company any actual or suspected violation of this Code (see "Reporting Ethical Violations" below); and
- make responsible use of the Company's assets and resources.

There is no finite list of actions that constitute ethical conduct or unethical conduct. The practice of conducting oneself ethically and with integrity comes not from a guidebook but from one's own system of well-formed beliefs and values. That being said, at a minimum, the following are a number of specific rules of conduct that are expected to be adhered to at all times by all Covered Persons.

#### *Discrimination & Harassment*

All employees are entitled to a safe and positive work environment in which their dignity is respected and their job satisfaction is promoted. White is committed to ensuring that its employees work in an environment of fairness and mutual respect, free of intolerance, harassment and discrimination. No Covered Person will harass or discriminate against any person, including, without limitation, any other director, officer, employee, contractor or vendor of the Company, based on gender, age, race, religion, or national origin.

#### *Conflicts of Interest*

Covered Persons must carefully avoid any personal activity, investment or association which interferes, or could be reasonably expected to interfere, with their good judgment concerning their professional responsibilities and the Company's best

interests. Covered Persons may not exploit their position within, or relationship to, the Company for personal gain (including the personal gain of any family member, friend or personal or business associate). For example, it is a likely conflict of interest if a Covered Person:

- causes the Company to engage in any business transaction with a relative, friend or personal or business associate of such Covered Person, unless such relationship has been fully disclosed to the Company's Board of Directors and such transaction has been subsequently approved by the Board (with such matters noted in the minutes of the applicable Board meeting);
- uses non-public Company, client or vendor information, including, without limitation, financial results or information about a pending material transaction, for the personal gain of such Covered Person or any relative, friend or other personal or business associate of such Covered Person (including securities-related transactions based on such information);
- takes personal advantage, or facilitates a family member, friend or personal or business associate taking advantage, of a business opportunity that arises or is made known to such Covered Person as a result of his or her relationship with the Company;
- has more than a nominal interest (as a stockholder, lender or otherwise) in any vendor, client or competitor of the Company; or
- who is a director, officer or employee of the Company competes or takes actions to compete with the Company, or obtains employment with, or joins the board of directors or similar governing body of, a direct competitor of the Company.

There are other situations in which a conflict of interest, actual or apparent, may arise. Covered Persons are expected to use their reasonable judgment before embarking on any personal course of action that could reasonably be construed as being in conflict with their professional obligations and the best interests of the Company, and to discuss with management or, if appropriate in the circumstances, the Chairman of the Audit Committee, any concerns they may have regarding the actions of any other Covered Person that may pose such a conflict. See "Reporting Ethical Violations" below.

#### *Gifts, Entertainment and Political Contributions*

Except for modest gifts, gratuities or special privileges given or received in the normal course of business (including reasonable entertainment), no Covered Person may give to or receive from any customer or vendor of the Company or any other person having decision-making authority that may affect the business or affairs of the Company (including, without limitation, any governmental or regulatory authority) any gift, gratuity or special privilege. Dealing with government employees is often different than dealing with private persons. Many governmental bodies strictly prohibit the receipt of any gratuity or gift by their employees, including meals and entertainment. Covered Persons who deal with these individuals from time to time must be aware of and strictly follow these prohibitions.

No gift, gratuity or special privilege in excess of modest value (as reasonably judged by the recipient thereof) may be accepted by any Covered Person except:

- where it is given on a personal occasion, such as a marriage or retirement;
- where the refusal of such gift, gratuity or special privilege would cause offense to the giver or embarrassment to the Company, in which case it may be accepted on behalf of the Company, provided that (i) its receipt is reported to the recipient's supervisor and (ii) it is turned over by the recipient to the Company; or
- where the item in question is the participation in a customer, vendor, advisor or trade association social activity and where (i) each participating Covered Person believes that his or her participation will not affect his or her judgment with respect to the affairs of the Company, and (ii) if the value of such participation is reasonably believed by such participant to exceed \$500, such participation is approved by such individual's supervisor, or in the case of the Chairman of the Board of Directors, by a majority of the other directors.

No Covered Person may make any direct or indirect political contribution in the name of or on behalf of the Company or any subsidiary thereof where such contribution is prohibited by law. Covered Persons are free to engage in political activity and make political contributions on their own time and using their own resources.

#### *Improper Use of the Company's Assets*

Every Covered Person must safeguard the Company's property against loss, willful or careless damage or theft, and may not take or use such property for personal gain. In addition to tangible property such as computer equipment and software, Company property includes confidential (i.e., non-public) information regarding the Company, its customers and vendors. Covered Persons are expected to take reasonable precautions to secure all Company property within their control to prevent its theft or unauthorized use or reproduction by third parties.

The Company permits limited personal use of its computer systems by Covered Persons for email and accessing the internet during normal business hours, provided that such individuals use good judgment and discretion when making use of such resources and such use does not interfere with the performance of such individuals' duties.

While the Company does not intend to regularly monitor internet usage or email transmissions, it may do so from time to time if specific circumstances warrant such action. The Company reserves the right to disclose any such monitoring results to law enforcement officials.

#### *Securities Trading Using Inside Information*

No Covered Person may trade in the securities of the Company when he or she is in possession of material, non-public information about the Company, except as expressly permitted under SEC regulations. Information is "material" if it would influence a reasonable investor's decision to buy or sell securities of the Company. Covered Persons who obtain material, non-public information about the Company are also prohibited by federal and state laws from communicating (or "tipping") such information to others, including family members, friends and other personal or business associates. A violation of these prohibitions can result in civil and criminal proceedings being brought against the persons involved and may result in the immediate termination of such person's employment with the Company.

#### *Accounting and Financial Reporting*

White's accounting records are relied upon to produce reports for the Company's management, creditors, shareholders and regulators, among others. All Company accounting records and reports produced from such records must be kept and presented in accordance with the laws of each applicable jurisdiction and must accurately and fairly reflect in reasonable detail the Company's assets, liabilities, revenues and expenses. While the Chief Executive Officer, Chief Financial Officer and Chief

Accounting Officer of White are ultimately responsible for the integrity of the Company's financial accounting and reporting, it falls to all Covered Persons to ensure that false or intentionally misleading entries are not made in the Company's accounting records. In preparing, maintaining and presenting the Company's financial records, compliance with generally accepted accounting principles and the Company's internal accounting controls are expected at all times.

In support of this objective, the Company's Board of Directors has adopted the Employee Complaint and Notification Procedures for Accounting, Financial Statement Disclosure and Auditing Matters which sets out procedures for employees to report (including through anonymous reporting) complaints or concerns to White's Chief Executive Officer and the Company's Audit Committee regarding accounting, internal accounting controls or auditing matters. A copy of these procedures can be obtained from the Company's Human Resources Department.

#### *Treatment of Confidential Information*

The unauthorized use or disclosure of confidential, privileged or proprietary information of the Company, any of the Company's competitors or any of the Company's vendors or licensors is prohibited. Covered Persons must respect applicable obligations of confidentiality when dealing with confidential third party information in the course of their work, and not make unauthorized use of any such information - whether for the intended benefit of the Company or for personal advantage or gain. Particular care must be taken when dealing with any employee or ex-employee of any competitor, vendor or licensor. Each Covered Person is expected to abide fully by the terms and intent of any confidentiality or non-disclosure agreement to which he, she or the Company is a party or by which he, she or the Company is bound.

#### *Compliance with Laws*

All Covered Persons are expected to comply at all times with all federal, state, local and foreign laws and regulations affecting the Company and its business. If any Covered Person is uncertain about the existence or effect of a particular law on his or her conduct on behalf of the Company, such individual should consult with management. If appropriate, management is further encouraged to consult with the Company's legal advisors to determine appropriate action. In particular, and without limiting the generality of the foregoing statements:

- Any action taken to intentionally evade the payment of any tax, or the violation of any law relating to taxation of property, services, sales, income or any other matters, including failure to file reports or returns on a timely basis (other than with the approval of the applicable taxing authority) or filing false or fictitious reports or returns, is strictly prohibited.
- Any action taken to intentionally circumvent the requirements of any federal, state, local or foreign health or safety law applicable to the Company's facilities, operations or products, or any action taken to intentionally mislead any domestic or foreign regulatory authority with respect to the Company's compliance with such laws is strictly prohibited.
- Any action taken to intentionally mislead the investing public, the SEC, the Nasdaq National Market or any other federal or state securities regulatory authority or securities exchange or quotation system regarding the Company's business, legal or financial affairs or regarding any material event or circumstance affecting the Company is strictly prohibited.
- Any action taken to circumvent or otherwise violate the laws of the United States or any other country relating to the importation or exportation of any product or service, including the neglect or filing of false or fictitious declarations, bills of lading or other documents, is strictly prohibited.

#### *Fair Dealing*

No Covered Person should take unfair advantage of any customer, vendor, competitor or other Covered Person through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing or practice. Aggressive marketing should not include misstatements, innuendo or unfounded rumors about the Company's competition. The Company's sales and marketing personnel are expected to comply with all applicable fair competition and anti-trust laws. White makes its purchasing decisions based solely on consideration of price, quality, service and reliability of the Company's vendors. Covered Persons are expected to abide by this practice and to avoid other unethical practices such as receiving (or attempting to receive) bribes or kick-backs.

#### *Covering-Up Mistakes; Falsifying Records*

Covered Persons are human beings, and human beings sometimes make mistakes. These are normally correctable and, therefore, forgivable. What is not acceptable to the Company are efforts to cover-up mistakes or the effects thereof. Mistakes should never be covered up, but rather should be immediately and fully disclosed to the Company's management and promptly corrected. The covering-up or falsification of any Company, client or third-party record or report is strictly prohibited.

#### **Reporting Ethical Violations**

The conduct of each Covered Person can help to establish and reinforce an ethical atmosphere and positively influence the conduct of fellow Covered Persons. Ethical misconduct on the part of one person cannot be excused or explained merely because it was directed or requested by another. In this regard, Covered Persons are expected to immediately alert management or, if appropriate, the Chairman of the Audit Committee, whenever an illegal, dishonest or unethical act by or on behalf of any Covered Person is discovered or suspected.

In no event will a director, officer, or employee of White who in good faith reports any suspected or actual ethical misconduct face any retaliation from the Company, and the Company's management will attempt to prevent any such retaliation from being committed by any other Covered Person. Nevertheless, any person who wishes to remain anonymous in reporting misconduct may do so by sending an anonymous note marked "Personal and Confidential" containing appropriate details of the alleged misconduct, together with relevant documents (if any), to any or all of the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Chairman of the Audit Committee, care of the Company's main office address.

#### **Code and Policy Violations**

A failure by any Covered Person to comply with this Code, any applicable law or regulation governing the Company and the conduct of its business, or any other Company policy or rule may result in disciplinary action up to and including termination of employment or engagement and, if warranted, the institution of civil or criminal proceedings. Nothing in this Code constitutes a contract of employment with any individual.

#### **Conclusion**

It ultimately falls to each Covered Person to be a guardian of the Company's ethics and standards of professional conduct and, thereby, its reputation. It is as important to abide by the spirit of the Company's high ethical standards as it is to comply with the particular standards and guidelines described in this Code. In this regard, Covered Persons, while conducting themselves in accordance with the provisions hereof, are expected to take a universal approach to conducting themselves in all aspects of their work for White, with a view to satisfying the highest levels of personal and professional integrity, honesty, judgment and ethics. If at any time a Covered Person is unsure about the ethical nature of a proposed course of conduct, he or she should ask himself or herself the following questions:

- Will my actions be ethical in every respect and fully comply with applicable laws and with Company policies?
- Will my actions be improper or have the appearance of impropriety?
- Will my actions be questioned by my supervisors, associates, clients, advisors, family and/or the general public?
- Am I trying to misrepresent to anyone the propriety of my actions?

If a Covered Person is uncomfortable with his or her response to any of the above questions, he or she should not take the contemplated course of action without first discussing it further with his or her superiors within the Company or, if appropriate, with outside legal counsel. Any Covered Person who ignores or violates any of the Company's ethical standards or who penalizes a subordinate or co-worker for trying to follow these ethical standards will be subject to corrective action, including the possibility of immediate dismissal.