

BUSINESS ETHICS AND CONDUCT

The successful business operation and reputation of IEI is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of IEI is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to IEI, its customers, and shareholders to act in a way that will merit the continued trust and confidence of the public.

IEI will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

In general, the use of good judgment, based on high ethical principles, should guide you with respect to lines of acceptable conduct. In situations where it is difficult to determine the proper course of action, the matter should be discussed openly with your immediate supervisor and, if necessary, with the Human Resources Manager.

Compliance with this policy is the responsibility of every IEI employee. Violation of this policy may lead to disciplinary action, up to and including termination of employment.

CODE OF ETHICS

COMPLIANCE WITH LAWS AND REGULATIONS:

All employees must comply with the laws and regulations applicable to the nation, state and localities in which they do business.

ANTITRUST LAWS

Employees must comply with the antitrust laws of the United States. The Sherman Act and other antitrust laws prohibit IEI and its Subsidiaries and their Directors, Officers, Employees, Agents or representatives from engaging in any activity that is designed to reach an understanding with competitors concerning the selling prices of products, terms of sale, production or distribution methods. It also prohibits an understanding with customers regarding reciprocal buying and selling and illegal price discrimination and trade restraint.

EQUAL EMPLOYMENT OPPORTUNITY

IEI is proud to be an Equal Opportunity/Affirmative Action Employer. We hire, promote, and take all other personnel actions without regard to race, color, religion, sex, age, national origin, citizenship, disability, or military service connection. IEI's facilities are accessible to individuals with disabilities. IEI provides reasonable accommodation to the known disabilities of applicants and employees.

EMPLOYEE SAFETY

All operations must be conducted with the highest regard for the safety and health of employees and the protection of the general public.

ENVIRONMENTAL PROTECTION

Wherever an IEI employee works they must conduct operations with the highest regard for the quality of the environment, which includes but is not limited to, water, air and general land usage. The Company's objective is to comply with the latest standards established by the Federal, State and Local Governments.

PRODUCT AND SERVICE QUALITY

IEI must develop, manufacture, repair and deliver quality products and provide quality services in

compliance with all contractual obligations and IEI's Standards of Quality.

CONFLICT OF INTEREST

IEI employees must not have any employment consulting or other business relationship with a competitor, customer or supplier of IEI. Any exceptions to this practice must have prior written approval of the Executive Vice President and Chief Operating Officer.

PROVIDING GIFTS, GRATUITIES AND ENTERTAINMENT

Employees will not offer or give directly or indirectly, any commission, gift, favor or other consideration that is intended to influence a customer, or supplier in the conduct of its business with IEI. Employees may provide occasional meals, refreshments and or entertainment for Commercial customers or Suppliers provided they are neither requested or solicited by the recipient, and are not intended to affect the recipient's business decisions with respect to IEI. Promotional items may be offered and given to Commercial Customers and Suppliers provided that the item has a value of no more than \$25.00. Such items may include coffee mugs, pens. Etc.

ACCEPTING GIFTS, GRATUITIES, AND ENTERTAINMENT

Employees may not accept anything, regardless of value, from someone doing business with IEI where the gratuity is offered or appears to be offered in exchange for favorable treatment or advantage. Employees may accept meals, drinks or entertainment from a customer or supplier only if such courtesies are unsolicited and infrequent.

RESTRICTED INFORMATION

Employees are prohibited from disclosing to any outside party, except as specifically authorized by management and permitted by U.S. Export control regulations, any proprietary or Company Confidential Business, Financial, Personnel or Technological Information, plans or data that they have acquired during their employment at IEI. In addition, all employees must comply with the Special Security Agreement which prohibits foreign representatives access to certain defense security and other technological information and data. If there is any doubt in regard to restricted information employees are to refer to the Company (FSO) and Security Manual.

DEALING WITH FOREIGN OFFICIALS

Employees are not to promise, offer or make payment in money, products, services or anything else of value to any foreign official or political party in exchange for, or in order to induce, favorable business treatment or to affect any government decision.

POLITICAL CONTRIBUTIONS

Federal law prohibits contributions by a Corporation to political parties or candidates. No Company funds or other assets may be contributed or loaned directly or indirectly to any political party or for any political campaign. IEI encourages all its employees to participate on an individual basis in political activities, on their own time and in their own way. If IEI establishes a political action committee, it will be established and administered in accordance with the laws and regulations governing such activities.

ACCURATE BOOKS AND ACCOUNTS

All IEI payments and other transactions must be properly authorized by management and be accurately and completely recorded in the books and records of the operating department in accordance with generally accepted accounting principles and established policies and procedures.

We are committed to the ethical treatment of those to whom we have an obligation.

•**For ourselves and fellow employees:** we are committed to honesty, fairness, providing a safe and healthy environment, providing opportunity for growth, an environment for partnership and respecting the dignity due everyone.

•**For our customers:** we are committed to partnering with our customers to produce high quality products and services, delivered on time, at a fair price.

•**For the community in which we work:** we are committed to being involved, concerned, and responsible citizens.

•**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 and the sense of accountability required of a good customer.

•**For our parent corporation:** we are committed to increasing the market share of Elbit Systems Ltd. within the United States and conducting our business to support the corporate goals.