



CORPORATE CODE
OF
BUSINESS ETHICS

Welcome from Chairman and CEO



Dear Herley Team:

Our reputation for quality products and quality people is one of Herley Industries' most valuable assets. Over the past 40 years, Herley has grown significantly by bringing together individual companies that share a dedication to integrity, honesty and quality. This dedication is represented by the phrase, *Herley Pride*.

Herley Pride describes our approach to business. It expresses the pride that we take in the high quality of our products and in our high standards of integrity and fairness.

The document that you are about to read is an important part of our effort to maintain Herley Pride. Our Corporate Code of Business Ethics provides guidance for conducting business in accordance with our values and applicable laws and helps each of us to understand our responsibilities.

The Code is also intended to stimulate awareness of ethical issues that we may encounter in our business activities. Doing the right thing begins with basic honesty and integrity. More than ever, it requires that we consider how others may view our actions.

Personal responsibility is at the core of our principles and culture. We expect everyone associated with Herley Industries to know the right thing to do, to choose right over wrong and to help others make good choices. Each of us must report anything we observe that might violate these principles. Compliance with our values and the principles in this Code is vital to maintain our global reputation as a responsible corporate citizen.

Each of us is responsible for Herley's reputation. I am confident that you will join me in maintaining the honesty and integrity in our business activity that has made Herley an industry leader and a company we are proud to work for.

Thank you,

Myron Levy
Chairman of the Board

June 2008

Our Values

Herley Industries, Inc. is committed to promoting integrity and maintaining the highest standards of ethical conduct. Our business success depends on trusting relationships built on a foundation of integrity and our dedication to:

Honesty in communicating within the company and with our suppliers and customers, while at the same time protecting the company's confidential information and trade secrets.

Error-free workmanship in our products and services, delivering quality products and services to our customers.

Responsibility for our words and actions, which confirms our commitment to do what we say.

Limitless respect for our fellow employees, shareholders, customers and suppliers while showing willingness to solicit their opinions and value their feedback.

Earnest and fair dealings with each other, our shareholders, customers and suppliers through adherence to all applicable laws, regulations and policies, and high standards of behavior.

Yielding to the need for strong relationships with our employees and the communities affected by our businesses.

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Herley Pride in Integrity

Herley Pride. It's not just a slogan. It's a statement of our work ethic and our dedication to upholding the highest standards of integrity. All of the companies that make up Herley Industries, regardless of location, are committed to the pursuit of excellence through integrity.

Integrity requires moral courage. It requires a commitment from each of us—employees, officers, directors, consultants, agents, authorized representatives, subcontractors, distributors and divisions—to conduct Company business honestly and ethically.

Integrity means we tell the truth and deal fairly with each other, our customers, our communities, our stockholders, our suppliers, the government and regulators. It means we seek out suppliers and business partners who share our values and our commitment to doing business fairly.

The Corporate Code of Business Ethics sets the standard for how we conduct business. Every action should be tested against both the letter and the spirit of this Code and the Company's values. By working for this Company, you agree to abide by this Code and uphold its standards in your daily work. That is part of Herley Pride. We all must abide by the Code when conducting Herley business. Violations of the Code are taken seriously and may result in disciplinary action, up to and including termination of employment.

If you are confronted with a dilemma, seek guidance *before* acting. If you become aware of conduct that violates the law or the Code, you should report it promptly.

Staying on Point: Reporting Concerns and Seeking Guidance

No book or code of ethics can provide answers for every question. The Code only serves as a guide to ethical conduct; it cannot cover every situation or question you may face. In some circumstances, the right thing to do will be obvious. In others, it may be difficult for you to decide the right course of action.

If you're not sure what to do, don't simply guess and move forward. Take the time to seek guidance. When in doubt, ASK BEFORE ACTING.

If you become aware of a situation that may involve a violation of this Code or any applicable law or policy, you have a duty to report it.

You can ask questions or raise concerns in several ways:

- Discuss the issue with your supervisor or a manager with whom you feel comfortable.
- Discuss it with your general manager.
- Raise the issue with your Site Ethics Officer.
- Contact the Herley Ethics and Compliance Officer or the VP Administration and Governance.
- Call the Herley Hotline at 1-800-826-6762 in the U.S.; outside the U.S. dial the appropriate access code, wait for the voice or recorded prompt, dial or say 800-826-6762, and wait to be connected with the hotline's call center. Access codes for the UK are 0-800-89-0011 (British Telecom), 0-500-89-0011 (C&W) and 0-800-013-011 (NTL). Access codes for Israel are 1-80-949-4949 (Bezeq telecom) or 1-80-922-2222 (all others).
- Access <http://herley.silentwhistle.com>.

The Herley Hotline is staffed by an outside company and is available 24 hours a day, 7 days a week. You can report anonymously if you prefer, although maintaining anonymity may limit the company's ability to investigate your concerns.

If you have a concern about Herley's financials, you should write to the Chairman of the Audit Committee of the Herley Board of Directors c/o Jim Smith, Blank Rome, L.L.P., One Logan Sq., 130 N. 18th St., Philadelphia, PA 19103.

Herley will investigate all reports promptly, thoroughly and fairly and will take appropriate action. Every effort will be made to safeguard your confidentiality and, if you choose to report anonymously, your anonymity will be protected. If you choose *not* to report anonymously, the results of the inquiry may be communicated back to you.

Zero Tolerance for Retaliation

You should feel free to report any suspected violation of the law or the Code without fear of your employment being affected. Herley strictly prohibits acts of retaliation against any person for reporting a possible violation in good faith. Good faith does not mean you have to be right, but it does mean you are providing all of the information you have and that you believe it to be true.

It is a violation of the Code to retaliate against an employee for reporting or participating in investigations involving possible violations of this Code or other company policies. Individuals who take action against a person for making a report are subject to disciplinary action, up to and including termination. If you believe that you have been the subject of retaliation, call the Herley Hotline or access <http://herley.silentwhistle.com>.

Higher Expectations for Managers

If you are a supervisor or manager, you have additional responsibilities. You are expected to set an example of ethical conduct. You must also make sure that everyone who reports to you understands and obeys the Code and Company policies and attends the company-approved training provided by your Site Ethics Officer. You should encourage employees to come to you with any questions or reports, and when they do you should respond promptly. If you do not know the answer or are unsure, you should refer the question to the Herley Ethics and Compliance Officer.

As a supervisor, you need to keep a close eye on what is happening in the workplace. If you become aware of any conduct that may violate the law or the Code, you must report it immediately. Managers who do not report violations they either knew about or should have known about will be subject to disciplinary action, up to and including termination.

Treating Each Other with Respect

Our employees are the cornerstone of our business. Our continued success depends largely on our ability to attract and develop a diverse workforce of qualified men and women. We are committed to providing a work environment that fosters respect for all employees, customers, suppliers and contractors and reflects the diversity of the communities in which we operate.

Respect for Our Diversity

Any employment or personnel practice that is unjust to any of our employees, however inadvertent, ultimately hurts all of us. We simply cannot afford to deprive ourselves of capable people for reasons based on unlawful or unjust discrimination. We make all employment decisions based on merit and without respect for race, color, national origin, religion, sex, age, marital status, disability, veteran status or any other protected characteristic. We also comply voluntarily with affirmative action efforts.

We demand a work environment free from harassment. Harassment is any form of inappropriate conduct toward another person that creates an intimidating, hostile or offensive work environment. Harassing conduct includes physical actions as well as verbal remarks or messages, whether done by an employee or non-employee. Sexual harassment involves unwelcome sexual advances, requests for sexual favors or other physical or verbal conduct of a sexual nature. All forms of harassment can interfere with an individual's work performance or adversely affect an individual's employment opportunities.

If you observe, learn of or experience harassment, you should immediately bring it to the attention of your supervisor, general manager, human resources representative or Site Ethics Officer or the Vice President Administration and Governance.

The company will investigate promptly and discretely and will take corrective action with respect to any harassment or retaliation.

The company prohibits acts of retaliation against individuals who report harassment or against those who provide information in an investigation.

Respect for Health and Safety

We want to maintain a safe, secure healthy environment for all of us and show Herley Pride by upholding Herley's leadership in safety and health. Therefore, we all must follow safe working procedures at all times and actively work to prevent accidents. We need to observe posted safety-related signs and use all prescribed safety and protective equipment. If you become aware of any threat to the safety of a customer, employee or site, report it immediately to your supervisor or management.

Workplace violence or the threat of violence is unacceptable. Employees who engage in violence or threats of violence will be subject to disciplinary action, up to and including termination of employment, as well as criminal prosecution. Violent behavior or threats should be reported to your manager, supervisor or Site Ethics Officer. If you feel you or anyone else is in immediate danger, call 911 or local authorities.

Because safety comes first, while at work we each must remain free from the influence of drugs, alcohol or any other substance that impairs the ability to work safely and effectively. While you are on company property or conducting company business, you are prohibited from selling, possessing, purchasing or distributing drugs, alcohol or any other substance that impairs your ability to work. In addition, please inform your human resources representative of any prescription drugs you are taking that could affect your job performance.

Doing Business with the U.S. Government

Herley has long-standing and valuable relationships with U.S. government agencies that are key to our success. Our contracts with federal, state or local governments are controlled by regulations that protect the public interest. Observing all security procedures and using security equipment as appropriate is critical to our ability to receive future government business.

The regulations that govern our dealings with U.S. government agencies include the Federal Acquisition Regulations (FAR), the Anti-Kickback Act, the Truth in Negotiations Act and the Procurement Integrity Act, as well as state and local regulations. These regulations are stringent, and we must each be careful to comply with the requirements in full.

The consequences for violating these regulations are substantial for both the individuals involved and the Company, including substantial fines, prison and debarring from future government contracts.

These regulations are extensive and complex. If your job requires you to negotiate, manage or fulfill one of our contracts with a government agency, make sure you understand all of the Company's applicable policies. If you have any questions, contact the VP Administration and Governance promptly.

Complying with the FAR During Contract Bid and Negotiation

The law establishes a number of procedures for bidding, negotiating and contracting to supply U.S. government agencies. The rule of thumb is to always conduct government business with the utmost integrity and truthfulness. These laws have strict requirements you need to be aware of, some of which are listed below:

- You may not give gifts, favors or anything of value or provide any kind of kickback to a government employee.
- Under no circumstances should you offer a meal or entertainment to a government employee, unless you are doing so with a reimbursement option approved by your supervisor.
- When working with subcontractors or primary contractors, under no circumstances can you provide a kickback, solicit a kickback or allow for a kickback in the contract price.
- During the contract selection or negotiation period or period of contract performance, you may not discuss employment with or offer a job to a government employee who is involved in awarding or administering contracts with Herley or to the government employee's family member.
- You may not engage any company that is owned by a government employee to be a Company vendor, supplier, subcontractor or business partner.
- You may never obtain or use procurement sensitive information about the selection process or competitor bids that would give Herley an unfair competitive advantage. You must keep Herley's bid information confidential as well.
- You should not engage any consultant or third party who claims to have influence with government officials or whom you believe will exert improper influence to win a government contract.
- You must use accurate and complete figures as the basis for pricing on bids for government contracts and fully disclose all cost and pricing data during the contract proposal and negotiation phase.

Q: "I am negotiating with a government procurement officer. He has asked me to hire a specific contracting partner without any obvious reason required by the contract. Should I agree?"

A: No. You are responsible for ensuring that all work awarded to subcontractors is based on competitive proposals. Awarding a contract in this situation may be seen as providing a kickback, which is illegal under the Anti-Kickback Act. Even the mere appearance of a kickback transaction can make you a target of government scrutiny and potentially subject you and our organization to felony charges.

Q: "As a contractor, I expect our costs on a one-year project to decrease by 10 percent after five months due to operational efficiency. Should I disclose this information before a price agreement is reached?"

A: Yes. To comply with the Truth in Negotiations Act, you must keep accurate, detailed and up-to-date records of cost and pricing information and fully disclose all cost and pricing data during the contract proposal and negotiation phase. If your cost and ultimate profitability is expected to change for any reason, you should inform the VP Governance and Administration, which will share the information with the government customer in the appropriate manner.

Complying with the FAR while Working on Government Contracts

If you are part of a team working on a government contract, special rules and regulations apply to you. You are responsible for knowing and complying with the exact requirements of the contract. Always be truthful and accurate when dealing with government officials and agencies. Your facility's reports, certifications, statements and proposals to the government must always be current, accurate and complete.

In particular, the following conduct is prohibited:

- Deviating from contract specifications without authorization, such as by making substitutions in materials or suppliers, or failing to perform required tests and inspections.
- Submitting inaccurate cost or pricing data.
- Charging incorrect or unauthorized costs on government contracts.
- Violating government regulations that establish restrictions on entertainment, recruiting and hiring or certification procedures.
- Negotiating for employment with a government official or his/her family members while the official is involved in administering our government contracts.
- Disposing of records and evidence supporting financial and cost accounting, pay administration, acquisition and supply, as well as contract negotiation, administration, performance and audit requirements of contracting agencies before the required retention period is over.
- Using government property, equipment or supplies for personal or non-contractual uses.

Q: “Several of my workers have called in sick. The workers I have on hand can’t perform at the skill level specified in the contract. May I substitute the workers for a few days?”

A: No. It is illegal to make any unauthorized substitution of less-skilled workers or inferior quality products as compared to those specified by the government customer in the contract.

Q: “I’m working on a project that has gotten behind schedule. We don’t have the time or the money to conduct all of the tests. The tests seem repetitive and will not affect the final product. Is it okay if I conduct only the tests that are absolutely necessary? It will save Herley time and money.”

A: No. You must conduct all tests required by government contract and accurately record all results. Failure to follow proper testing procedure stipulated by a contract can result in injury to other persons and property. It can also lead to expensive fines and can prevent future contracts, so stopping tests will not save time or money in the long run.

Q: “The prices quoted in our government contract have been reduced by our supplier. Do I have a responsibility to inform my client of the lower prices?”

A: Yes. The Truth in Negotiations Act requires government contractors to disclose all cost and pricing data while negotiating a contract. It is important to keep accurate, detailed and up-to-date records of cost and pricing information for this reason. Notify the VP Administration and Governance before making any changes to the contract.

Fair Dealing and Competition

Herley competes vigorously and wins business based on the quality of our people, products, services and operational excellence, and not by engaging in unethical or illegal competition. We comply with the letter and spirit of competition laws wherever we do business.

Competition laws are designed to preserve a level playing field for business and prohibit any formal or informal agreement or practice that restrains trade. Violations can result in substantial penalties for Herley and fines and imprisonment for the individuals involved. If you interact with

customers or competitors, be sure to review EXEC 003, the Antitrust/Competition Law Policy for further details.

Dealing with Competitors

It is illegal to make any agreement with a competitor that restricts competition. Illegal agreements don't have to be signed contracts; they might be as simple as an understanding between two parties. Any coordination with competitors places both you and the Company at serious risk of violating competition laws.

When conversing or communicating with competitors, you must not address any of these matters:

- Dividing territory
- Dividing customers
- Charging customers a certain price
- Paying suppliers a certain price
- Offering similar discounts, terms and conditions of sale
- Charging a certain resale price
- Boycotting a particular customer or supplier

If any of these topics of discussion arise when talking with a competitor, such as at an industry association meeting, you should stop the conversation immediately and report it to the VP Administration and Governance.

Industry associations provide excellent opportunities for networking and business development, but they pose challenges as well. When attending these events, you should be careful to avoid even the appearance of unfair business practices. If at any trade association meeting you become aware of any formal or informal discussion regarding prices, discounts, boycotts, terms and conditions of sale, or standardization among members of terms, warranties or product specifications or any of the above topics, you should leave the meeting immediately and contact the VP Administration and Governance.

Gathering Competitive Information

Getting accurate information about the activities of our competitors is necessary and may be part of your job.

The Code provides guidelines not to discourage you from gathering that information, but rather to govern *how* you gather it. Competition law strictly forbids exchanging information with competitors. The laws of many countries expressly forbid the theft of confidential business information and trade secrets. Some methods, like eavesdropping and bribery, are illegal. Others, like secretly taping conversations with a customer, removing documents from the offices of a third party or making calls under false pretenses to gain information (pretexting) are unethical and a violation of our values.

You are encouraged to ask coworkers, customers and suppliers for information about competitors that they are free to share. However, you should not encourage them to do so if they would violate a non-disclosure agreement or if it would put them at risk. For example, you should not seek confidential information from a new employee who formerly worked for a competitor.

Herley operates in some markets with a small number of participants. You should be particularly careful about requests to provide Herley information for benchmarking, since this could be seen as a thinly disguised request to collude. If you receive a request for benchmarking data from a competitor, please contact the VP Administration and Governance.

If you have questions about whether to use information about our competitors that you've gathered or been offered, you should seek guidance from the VP Administration and Governance, even if you're reasonably certain that the information was gathered appropriately.

Q: “A friend of mine works for a competitor. He recently called to tell me that his company is bidding on the same two subcontracting companies as Herley. He suggests that we bid a high price for one company, and his company do the same for the other, and this way we will both win one contract. What should I do?”

A: You should never discuss dividing customers with a competitor. It is illegal to make any agreement with a competitor that restricts competition, even if this agreement is verbal rather than written. If a situation like this arises, contact the VP Administration and Governance to ask for guidance.

Dealing with Customers

Herley Pride means we treat our customers fairly and we provide quality products and superior customer service. We comply with competition laws that govern how we deal with customers.

Competition law allows Herley to choose the companies with which it is going to do business, but those decisions must be made independently and never in agreement with competitors.

To deal fairly with customers and avoid violating competition laws, generally you must not:

- Sell comparable goods at different prices during the same time period to buyers that compete with each other;
- Make untrue, unfounded or misleading statements about our competitors' products or services or make untrue comparisons with our own products and services; or
- Make commitments or promises that you or Herley cannot keep.

If you are considering a pricing arrangement that greatly favors one buyer over a competitor, contact the VP Administration and Governance to make sure the pricing arrangement does not violate competition law.

Competition laws also restrict companies in a position of power in the marketplace from taking actions that discourage innovation and competition. To avoid abusing market power, you should not:

- Sell our goods and services at below-cost pricing with the intent of driving competitors out of the market;
- Tie the purchase of certain goods and services to the required purchase of additional items;
- Make reciprocal deals with customers to buy their products if they buy ours, unless pre-approved by the VP Administration and Governance; or
- Make exclusive dealing arrangements, without prior approval from the VP Administration and Governance.

Because these activities may sometimes be legal and other times not, you should contact the VP Administration and Governance for approval before taking action.

Q: “How do I follow know-your-customer procedures?”

A: Know-your-customer procedures are not a one-time investigation, nor do they follow a simple checklist. These procedures require an in-depth, continuous effort on your part. In general, you need to obtain and verify certain data about all parties involved. Local money laundering laws generally provide thorough instructions on performing due diligence. However, you should check with VP Administration and Governance to ensure that you are compliant with all laws and

regulations. It is your responsibility to know your customer, so don't ever assume that someone else is doing due diligence.

Q: "I am suspicious that a client is involved in money laundering, but I don't have concrete proof. Should I report my suspicions?"

A: Yes. It is a criminal act to accept business that you suspect involves money-laundering activities. Any suspicions of money laundering should be reported to the VP Administration and Governance immediately, whether or not you have proof. Money laundering can be a very complicated affair, and our legal department needs to have as much information as possible in order to prevent any criminal activity.

Conducting International Business

As a global company, Herley is committed to complying with all applicable laws and regulations that govern our operations internationally. If you are involved in foreign business transactions, you must be fully familiar with all of the laws and regulations that apply to your responsibilities and strictly follow them.

Foreign Corrupt Practices Act

Anticorruption laws, including the U.S. Foreign Corrupt Practices Act (FCPA), apply to all of our operations around the globe. When working with foreign government officials, you are strictly prohibited from offering, authorizing, giving or promising any form of bribe or kickback.

A "bribe" is any money, favor or anything of value used to influence the judgment or conduct of a foreign government official or to ensure a particular outcome or action. A bribe does not have to be cash; a bribe could also be lavish entertainment, for example, or paying an inflated price to purchase a foreign official's property or services. A "kickback" is the return of a sum already paid or due to be paid as part of a legal contract as a reward for making or fostering business arrangements. Government officials include federal, state or local government employees, political candidates or even employees of businesses that are owned by the government.

Sometimes the law permits making small "facilitating payments" to government employees so they will do a routine governmental service, such as issuing a permit. However, it's difficult to know when a local law makes such payments illegal, and the penalties for a misstep are severe. Therefore, facilitating payments must not be made unless you get approval ahead of time from the VP Administration and Governance.

Remember also that we cannot hire third parties to do something we are not allowed to do directly; our agents and consultants are held to the same rules that we are. Both direct and indirect payments of any kind are prohibited. Herley could be liable for such payments even if we did not know, but should have known, that the payment is going to a foreign government official. Herley can also be liable for the mere *offer* of a bribe.

Consequences for violating the FCPA and other anti-bribery laws are severe, including fines to both the individual making the payment and the company and jail time for individuals. If you interact with international government officials, be sure to review GC 006, the International Policy, and raise any questions promptly with the VP Administration and Governance.

Q: "I need a permit in a hurry. May I make a small payment to a government employee to speed up the process?"

A: No. Because local laws regulating these "facilitating payments" vary widely and can carry severe penalties, you may not offer or pay even a small amount without advance written consent from the VP Administration and Governance.

Q: “May I hire another person to negotiate with a government official? If this agent offers a bribe, I won’t know about it.”

A: No. This third party would be influencing the judgment or conduct of a government official on Herley’s behalf. Direct and indirect bribes are prohibited by the FCPA, and consequences are steep.

Export Controls

Laws strictly regulate the export of goods and technology from the United States and, in certain circumstances, overseas. An export occurs when a product or technical information is given to a foreign person in another country or to a foreign citizen or representative of another country, even if located within the United States.

Export regulations, including the U.S. Export Administration Regulations and the International Traffic in Arms Regulations (ITAR), determine whether a product or technology may be exported. That determination depends on the nature of the item, the country of destination and the end use or end user. In some cases, the U.S. government bans all trade, and in others an export license is required.

Exporting goods or technology without the appropriate government approvals can result in the loss of export privileges and both civil and criminal penalties. Compliance with the ITAR is, obviously, particularly important to Herley. Be careful whenever you are considering a potential export; exporting rules are complex, so be sure to consult the local Empowered Official or the VP Administration and Governance before you act.

Q: “After discussing a contract with my client, I learned that the products we are exporting will eventually be shipped to Iran. Is this acceptable?”

A: No. You cannot bypass export regulations by shipping goods through another country. This is called re-exporting, or transferring exported U.S. products from the original foreign recipient to another foreign client. If you have foreknowledge of this transfer and do not attempt to prevent it, you can be held liable.

Q: “Who are we not allowed to sell to?”

A: You can find a list of entities and individuals that are barred from buying U.S. products on the SDN list. The Specially Designated Nationals list identifies known fraudsters, terrorists and money launderers. Contact the VP Administration and Governance if you discover that an existing client has been placed on the SDN list, or if you suspect that you may be dealing with a blacklisted person or organization.

Anti-Boycott

A boycott occurs when one person, group or country refuses to do business with certain people or countries. U.S. anti-boycott laws prohibit U.S. companies and their subsidiaries from participating in or cooperating with any international boycott not approved by the U.S. government, such as the Arab League boycott of Israel.

While Herley always complies with the legal economic sanctions and trade embargoes imposed or approved by the United States, we never cooperate with boycotts that are illegal in the United States.

Requests for boycott cooperation may be oral or written and often appear in bid or proposal materials from countries that support a boycott. The requests are often not obvious. Our business associates may be soliciting information that only suggests that the associate is complying with the boycott. Any employee receiving a request to participate in an illegal boycott should immediately contact the VP Administration and Governance.

We are required by law to report requests to participate in an unsanctioned boycott or for information supportive of an unsanctioned boycott, even if such requests are declined. Please note that merely ignoring a request is not sufficient and is often treated in the same way as if you had agreed to it.

U.S. laws and the laws of other countries in this area can be complex, so if you have any questions about a boycott situation, you should contact the VP Administration and Governance.

Protecting the Environment and Health of Communities

We strive to protect the environment in the communities where we operate. We recognize our responsibility to protect human health, the environment and natural resources. When making purchasing decisions for materials and supplies, Herley incorporates environmental considerations, and we are constantly striving to maximize the efficient use of natural resources by our operations.

We are firmly committed to conducting business in compliance with all applicable environmental laws, regulations and permits, especially those governing the control, transportation, storage and disposal of regulated materials. Air emissions, wastewater, solid waste, hazardous waste and storm water are included in regulated materials. If your job involves contact with regulated materials, make certain you understand the rules and regulations for your region.

Keeping Accurate Records

Herley's recorded information is used to advise investors on our financial results, to make required legal filings and to make decisions every day. Every one of us, regardless of our position within the Company, has an obligation to make sure that the information we record is complete, accurate, accessible and protected.

Accuracy in Financial Disclosures

As a public company, Herley is required by the rules and regulations of the Securities and Exchange Commission and the NASDAQ Stock Market to disclose its financial condition and results of operations to investors and potential investors through the filing of full and fair public reports. Therefore, it is of critical importance that we:

- Report our financial information in accordance with generally accepted accounting principles in the United States.
- Maintain a system of internal controls over financial reporting that will provide assurances to management regarding the reliability of that reporting.
- Maintain books and records that fully, accurately and fairly represent our transactions in all material respects.
- Maintain a system of disclosure controls and procedures to allow communication of material information about the Company to management, particularly when the Company is preparing periodic reports.

No matter where we are located around the world, we each have to do our part. You must make sure that the information you submit, such as on time cards, expense reports, production data and other reports, is absolutely true. To ensure that our financial and business records are correct, be sure to follow all internal controls and procedures. For example, submit reports on time and always include full and appropriate documentation when submitting contracts for

processing or payment. Under no circumstances are unrecorded or “slush” fund accounts allowed.

Falsifying financial or business records, or making false statements to the Company’s external and internal auditors, is against the law, and consequences are serious. If you become aware of a potential problem with the Company’s accounting or a Company audit, you should raise that concern immediately with the Chair of the Audit Committee or the Herley Hotline.

Records Retention

Properly maintaining corporate records is also very important. The Company’s Document Management/Retention Policy describes the procedures for maintaining documents and files for required periods and destroying them when they are no longer needed. Please review EXEC 006, the Document Management/Retention Policy, and make certain you follow it carefully.

From time to time, the VP Administration and Governance may notify you that your department has documents relevant to a pending, threatened or anticipated litigation, investigation or audit. Make sure that you comply with that notification, and do not destroy any document covered by it without the express authorization of the VP Administration and Governance.

If Herley’s Internal Audit investigates, you must cooperate fully and supply all the information requested. If you are asked to cooperate with any government investigation or audit, make sure that you do so fully and honestly. If you receive a request for information from a government agency, notify the VP Administration and Governance immediately.

Protecting Company Assets

Herley’s facilities, equipment, materials, property, technology and information have been acquired through the hard work of a lot of people and with one goal in mind—to succeed by serving our customers. We owe it to each other, our shareholders, our suppliers and our customers to guard all Company property against theft, loss, waste or damage and to ensure that they are used appropriately and only for business purposes.

A promise by Herley must be kept; our reputation requires nothing less. To protect that reputation—an important Company asset—only specifically authorized employees may commit the Company to a customer, supplier or other outside party. This includes signing written contracts, making binding promises or otherwise obligating the Company in any way, whether it involves the payment of money or not. If you have any questions about the limits of your authority, check with the VP Administration and Governance.

We have achieved leadership in our industry by exceeding our customers’ expectations for quality, cost and delivery of our products. We do not want to be less than the best in each of these categories. Every day we must continue our focus on the quality of our products.

Our reputation depends on our ability to deliver on our promises and to meet our customers’ needs. We all need to strictly follow the instructions and specifications provided to us by our customers, because any departure from them could harm our customer’s faith in us and our products. Compliance with our quality processes is essential. We damage our good name when we ship products or deliver services that fail to live up to Herley standards. If you become aware of any departure from customer specifications or quality standards, tell your manager or supervisor immediately because that is not allowed without proper authorization.

Protecting Proprietary Information

Information is the lifeblood of any company. Open and effective exchange of this information is critical to our success. However, much of the information concerning Herley’s business activities is confidential. The disclosure of this information outside the company could seriously damage the company’s interests. Safeguarding this information is everyone’s responsibility.

Trade secret and confidential corporate information, including business records, financial results, sales figures, personnel records and all other business information must be safeguarded from

loss, theft, damage or exposure to unauthorized people, including both outsiders and people within Herley who do not have a business-related need to know.

Make sure that you follow all security measures and internal controls for your computer system or systems, portable electronic devices, laptops and other storage devices, including not leaving them somewhere they could be lost or stolen. Do not divulge your password or access codes to anyone else, and do not allow others to use your accounts.

Be cautious when discussing sensitive information on your cell phone or with a coworker in public places, such as elevators, airports, restaurants and in open areas within Herley, such as break rooms or restrooms.

Be sure to comply fully with the Confidentiality Agreement you executed prior to beginning work with Herley. Remember that the obligation to protect Company information continues even when your employment with Herley ends; you may never share confidential Company information with a third party without the Company's permission.

Any intellectual property—*invention, published written work or other form of intellectual property*—created as a result of your employment with Herley will belong to the Company, to the extent allowed by local law.

From time to time, our suppliers and customers share their own confidential information with us. We have an obligation to protect that information just as carefully as we protect our own information. If someone outside the company requests information belonging to one of our customers or suppliers, you must get consent from the owner before you share it. If you have any questions about sharing confidential information, forward the request to the VP Administration and Governance.

Protecting Private Personal Information

Employees, shareholders, customers and other individuals may trust the Company with personal data from time to time. You are expressly prohibited from accessing, without prior authorization, any system or database containing private personal information, such as employee or personnel records; information pertaining to stock ownership or participation in stock option or other incentive programs; and the e-mail, pager and voicemail messages of coworkers. Herley is subject to strict laws that protect private personal information, and has in place careful security procedures to make certain that only authorized people and entities have access to individuals' private personal information. If you have any questions, please review EXEC 004, the Confidential Information Policy.

Using Computer and Network Systems Appropriately

Computers and electronic information are essential tools to support our business. We all must ensure that we are using technology appropriately, with our values in mind and for appropriate business purposes only. Although limited personal use is permitted, it must not interfere with the full performance of your job duties.

E-mail, instant messages and text messages should be composed with the same care you take in composing any other Herley document. Electronic messages, both personal and business, are a lasting and recoverable written record and can easily be copied and forwarded worldwide without your knowledge or consent. The use of profanity, derogatory remarks, discriminating or harassing comments, innuendo and threatening or abusive language is strictly prohibited. We should not use the Company's computer systems to advance personal or political views; post to blogs, social networking sites or chat rooms; communicate jokes or inappropriate sexually explicit or offensive statements; send unauthorized solicitations or conduct business for another organization.

You should not expect privacy when using e-mail and the Internet. The company monitors e-mail and Internet access to ensure they are used responsibly and professionally. Herley reserves the right to block offensive, illegal and non-business related sites and to intercept the entire content of any messages or files transmitted or stored in its system, including information that has been

deleted by users. Monitoring activities, when undertaken, will comply with any statutory requirements.

Protecting the Company's Reputation and Good Name

Herley is constantly building on and improving its reputation as a good corporate citizen and contributor to the community.

You are encouraged to participate in civic and political activities as long as such activities are on your own time and at your own expense. You may not suggest or imply that your donation of time, resources or money is from or endorsed by the Company. You may not give political contributions on behalf of the Company or use corporate funds, and the Company will not reimburse you for a political or campaign contribution. You will never be favored or punished for making or not making a personal contribution.

As a company, Herley will not engage in any political activities or give corporate contributions without pre-approval by the Board of Directors. Lobbying is strictly regulated, so be certain to consult with the VP Administration and Governance before retaining a lobbyist or engaging in lobbying on behalf of the Company.

The Company must speak to the media and investors with one voice. In order to ensure that happens, only designated individuals may speak on behalf of Herley. Inquiries regarding Herley's activities, results, plans or public policy positions should be referred to the Corporate Communications Department or the designated spokesperson in your division.

Obeying Insider Trading Laws

To do our jobs effectively, we may have access to information about the Company and any company we deal with that is not available to people outside the Company, including our outside shareholders. Often, that non-public information or "inside information" is material, something that would motivate an investor to buy or sell stock, such as advance notice of acquisitions and divestitures, management changes or certain non-public financial results and projections.

In general, it is illegal for any person with material, non-public information about the Company or any company to buy or sell securities (stocks, options, etc.) of that company. This illegal act, known as "insider trading," is a serious violation both of the Code and of U.S. securities laws and will subject the individuals involved, wherever located, to immediate termination and potential criminal prosecution. If you are in possession of inside information, do not buy or sell Company stock. In addition, to avoid the appearance of impropriety you should not trade options on Company stock under any circumstances.

"Tipping" is also a violation of both the Code and the securities laws, with the same consequences. Tipping occurs when you provide material, non-public information to *someone else*, even inadvertently, and that person acts on the information to buy or sell company stock. Because tipping is illegal, you must be careful not to disclose any non-public information to anyone outside the Company, such as to family members or friends.

Remember that in the event of a government investigation into trading activity, all trades will be viewed with the benefit of hindsight. Always carefully consider every trade you are making in either Herley stock or the stock of one of our customers or suppliers, and if you have any questions consult the VP of Finance or Head of Investor Relations or the VP Administration and Governance.

Q: "I inadvertently 'tipped' a close friend about a product recall that will potentially affect our stock price. What should I do?"

A: You should immediately tell your friend that this is insider information and that it can't be revealed to anyone until the news has become public. You should warn your friend not to buy or

sell stock in the company. If you or your friend buys or sells stock, you could be found guilty of insider trading. You must also inform VP Finance or VP Administration and Governance.

Q: “I am a consultant for Herley. While working for the company, I learned about a new product that is going to be released soon. I'm planning to buy stock before this information becomes public and the price goes up. Is this allowed?”

A: No. Federal securities laws prohibit any persons from making securities transactions if they become aware of material, nonpublic information concerning the company through their employment. These laws extend to consultants, lawyers, accountants and any other non-employees having a relationship of trust with the company.

Handling Conflicts of Interest

A conflict of interest occurs when our personal or family interests interfere—or appear to interfere—with our ability to make sound business decisions on behalf of Herley. We need to avoid any situation that creates even the appearance of bias. Conflicts of interest typically arise in the following situations:

- Exchanging gifts and entertainment.
- Doing business with or supervising family and friends.
- Outside business interests or employment outside the company.
- Taking personal advantage of corporate opportunities that Herley might be interested in.

If a real or perceived potential conflict of interest arises, you must disclose it to your supervisor, who in consultation with the VP Administration and Governance will determine whether you may proceed or what you must do to resolve it.

Exchanging Gifts and Entertainment

Business gifts and entertainment are courtesies designed to build good working relationships and goodwill with vendors, customers and suppliers. Gifts are not appropriate, however, if they create an obligation, put you in a situation where you appear biased or are given with the intent to influence a business decision.

Gifts include items of value, travel, lodging, goods and services, as well as meals or entertainment when the host does not attend. Gifts are permitted if they are:

- Nominal in value
- Infrequent
- In good taste
- Unsolicited
- Not cash or cash equivalents

Entertainment includes events where both the person offering and the person accepting attend. Examples include meals together, sporting events or golf outings. The purpose of the entertainment must be to enhance the business relationship. Entertainment may be accepted if it is:

- Irregular or infrequent
- Unsolicited
- In a setting that is appropriate for a business discussion

- Reasonable, that is, involves an amount you are accustomed to spending on personal entertainment
- Something you would freely tell your coworkers about

The rules for gifts and entertainment apply year round, even during the holidays, and they apply not only to employees, but also to spouses, partners and family members.

If you are offered a gift or entertainment that is inappropriate, you should decline. If you find yourself in a situation where refusing a gift would embarrass or hurt the person offering it, you may accept the gift on behalf of Herley and then report it to your supervisor.

The important thing to remember is that you cannot offer, give or receive anything that would compromise—or even appear to compromise—the recipient's ability to make fair, impartial and balanced business decisions.

For advice on whether business gifts and entertainment are appropriate, contact the VP Administration and Governance.

Q: “I want to impress a potential customer and plan on taking him out to dinner at an upscale restaurant. Is this appropriate for a business meeting?”

A: It depends. Dining with a client is a good way to discuss business and build goodwill. If having dinner with this particular client is an isolated and unsolicited event, this entertainment is most likely appropriate. The meal should be reasonably priced, meaning that it involves an amount you would normally spend on a personal meal. However, if by having this meal either you or the client could appear to be biased in any way or if the meal creates a sense of obligation, that's a red flag. Remember too that it is not ever appropriate to entertain anyone employed by the government. If you have any questions about whether a gift or event is appropriate, you should speak with the VP Administration and Governance.

Q: “I would like to send my client a New Year's gift basket to show Herley's appreciation for their continued business. The basket will be valued at \$100. Is this an appropriate gift?”

A: Yes. A one-time, unsolicited gift that is nominal in value is absolutely appropriate. It will not impair, or appear to impair, your customer's ability to make fair, impartial decisions, as you are thanking them for past business and fostering a good working relationship. Ensure that your client is not in any way employed by the government, as gifts sent to government officials are prohibited by U.S. government regulations and the FCPA (if it is a foreign government official).

Q: “A client has offered me four tickets to a championship baseball game that has been sold out for months. Can I take my family, or do I have to invite coworkers?”

A: Actually, you cannot accept the gift either way. These tickets are not nominal in value, and may compromise, or appear to compromise, your ability to make fair and objective business decisions. If you do not want to appear rude by declining this gift, you may accept it on behalf of Herley and report it to your supervisor.

Doing Business with or Supervising Family and Friends

A conflict of interest can also arise if you, or your spouse, relative or close friend, have a personal stake in a company that is a supplier, a potential supplier or a competitor of Herley.

If you find yourself in that situation, you must not use your position to influence the bidding process or negotiation in any way. If you are directly involved in supplier selection, notify your

supervisor immediately and remove yourself from the decision-making process. If you have a relative or friend who works for a competitor, you need to notify your supervisor.

To be the strongest Herley team possible, we must all be treated fairly. When a personal or family relationship between employees exists—especially if it is also a reporting relationship—it may seem that one employee could receive preferential treatment or favoritism.

No family member should be placed in a position where he or she has direct decision-making authority over another family member. We discourage employment relationships even if the reporting relationship between family members is indirect. Remember, the important thing is to avoid even the *appearance* of bias. If such a situation arises, you must disclose the facts to your supervisor or manager.

Taking Employment Outside the Company

Sometimes taking outside employment may create a potential conflict of interest. We may not take another job that interferes with our ability to do our jobs, such as by conducting an outside business during working hours or using Company property, equipment or information for non-Company uses. In addition, we must not take outside employment with a supplier, competitor or vendor of Herley. Because taking an outside job may create a conflict of interest, you must notify your immediate supervisor before you do so.

Serving on the Board of Directors or a similar body for an outside company or government agency requires the advance approval of your supervisor or division management. Helping the community by serving on boards of non-profit or community organizations is encouraged and does not require prior approval.

Making Private Use of Corporate Opportunities

Through your work or through contacts with customers or suppliers, you may become aware of an opportunity to make a purchase or investment in which the Company would be interested. You must promptly notify the VP Administration and Governance of the opportunity to allow the Company to evaluate the opportunity and give approval before you are permitted to act on it privately.

Waiving the Corporate Code of Business Ethics

Situations may arise from time to time that warrant a formal waiver of a provision of this Code for an individual. Waivers will not be granted except where they are truly necessary and will be limited and qualified as needed to protect the company and shareholders to the greatest extent possible. These issues will generally be addressed by the individual's supervisor and VP Administration and Governance. If the individual involved is also a director or an executive officer of Herley, a waiver may be granted only by the Board of Directors and will be promptly disclosed as required by law or stock exchange regulation.

Certification

I acknowledge that I have received Herley's Corporate Code of Business Ethics and will comply with it. I also understand that I have the responsibility to review and comply with Herley's policies and procedures that apply to my job responsibilities. I understand that violation of the policies and ethical standards outlined in the Code may subject me to disciplinary action, up to and including termination. I understand and agree that the Code is not an employment contract between Herley and me. The Code does not, nor is it intended to, confer any rights or benefits of employment or constitute an assurance of continued employment or employment other than at-will.

I understand that if I have questions related to the standards of conduct outlined in the Code or other company policies, I need to discuss them promptly with my manager, my general manager, my Site Ethics Officer or the VP Administration and Governance.

Signature

Date

Print name

Title/ID

PLEASE RETURN SIGNED FORM TO HUMAN RESOURCES



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