

RADA's Code of Business Conduct and Ethics

PURPOSE

This Code of Business Conduct and Ethics of RADA Electronic Industries Ltd., which we refer to as this “Code”, contains the specific policies adopted by our Board of Directors that relate to the legal and ethical standards of business conduct of directors, officers, employees and agents of our company.

The purpose of this Code is to provide a general statement regarding the company's expectations as to the legal and ethical nature of business conduct of the company's directors, officers, employees and agents while acting on our company's behalf and to provide for the administration of this Code.

Moreover, this Code is reasonably designed to be generally effective in preventing and detecting criminal conduct.

POLICY

A. Standards of Business Conduct and Ethics

This Code sets forth specific policies governing the manner in which business should be conducted by our company and by all of our directors, officers, employees and agents and of our affiliates. These policies were developed and are intended to be applied in good faith with reasonable business judgment to enable our company to achieve its operating and financial goals within the framework of applicable laws and ethical conduct.

It is the personal responsibility of each director, officer, employee and agent of our company to adhere to the standards and restrictions, whether imposed by law or this Code, applicable to his or her assigned duties and responsibilities and to conduct himself or herself accordingly. Such standards and restrictions require each director, officer, employee and agent to avoid any activities which would involve us in any practice which is not in compliance with applicable laws or this Code. Any director, officer, employee or agent who does not adhere to such standards and restrictions is acting outside the scope of his or her employment or agency.

It is our company's policy to observe and comply with all laws applicable to it or the conduct of its business wherever located. In some situations the applicable laws of one jurisdiction may conflict with the applicable laws of another jurisdiction. In such cases the company will endeavor to resolve such conflict following the guidance of its legal department.

Beyond legal compliance, all of our directors, officers, employees and agents are expected to observe high standards of business and personal ethics in the execution of their assigned duties and responsibilities. This requires the practice of honesty and integrity in every aspect of dealing with other employees, the public, the business community, shareholders, customers, suppliers and governmental and regulatory authorities.

Our policy prohibits unlawful discrimination against employees, shareholders, directors, officers, customers or suppliers on account of race, color, age, sex, religion or national origin. All persons will be treated with dignity and respect and they will not be unreasonably interfered with in the conduct of their duties and responsibilities.

No employee should be misguided by any sense of loyalty to the company or a desire for profitability that might cause him or her to disobey any applicable law or company policy. Violation of company policy will constitute grounds for disciplinary action, including, when appropriate, termination of employment.

Company policy prohibits its directors, officers, employees and agents from entering into certain transactions described in this Code. If such a transaction occurs, the company and its officers, directors and employees directly involved may be subject to fines, imprisonment and civil litigation. The following ethical business practices have been adopted by our company:

1. ***Commercial Bribery***

Company policy prohibits payment of any form of commercial bribes, kickbacks and other similar payoffs and benefits to any suppliers or customers.

2. ***Accounting Controls, Procedures & Records***

Applicable laws and company policy require the company to maintain books and records that accurately and fairly reflect its transactions and the dispositions of its assets. False and misleading entries in our books and records are strictly prohibited.

3. ***Use and Disclosure of Inside Information***

Company policy prohibits disclosure of material inside information to anyone other than persons within the company whose positions require them to know such information. For this purpose, "inside information" is information that has not been made available to the public (for example, information that was not subject of a company press release or other disclosure document); and "material" information is any information relating to the company's business and affairs (or its subsidiary) about which there is a substantial likelihood that a reasonable investor would consider it important in making investment decisions (whether to buy or sell the company's shares). Examples of material inside information include, but are not limited to,

major corporate acquisitions or take-over bids, financial forecasts and possible award of significant contracts.

4. ***Confidential or Proprietary Information***

Company policy prohibits employees from disclosing confidential or proprietary information outside the company, either during or after employment, without company authorization to do so.

5. ***Conflicts of Interest***

Company policy prohibits conflicts between the interests of its employees and the company. A “conflict of interest” occurs when one's personal interests interfere or may interfere in any manner, or appear to interfere, with the best interests of our company.

6. ***Fraud & Similar Irregularities***

Company policy strictly prohibits fraud and similar irregularities. Section B9 below sets forth the procedures to be followed concerning the investigation of suspected fraud.

If you have any questions concerning these principles or any ethical or legal issue, the first step is to consult with your supervisor or a higher level manager. If you need additional assistance, or if you are uncomfortable talking to your supervisor or a manager, you may wish to raise the issue with our company's chief financial officer or outside counsel in Israel.