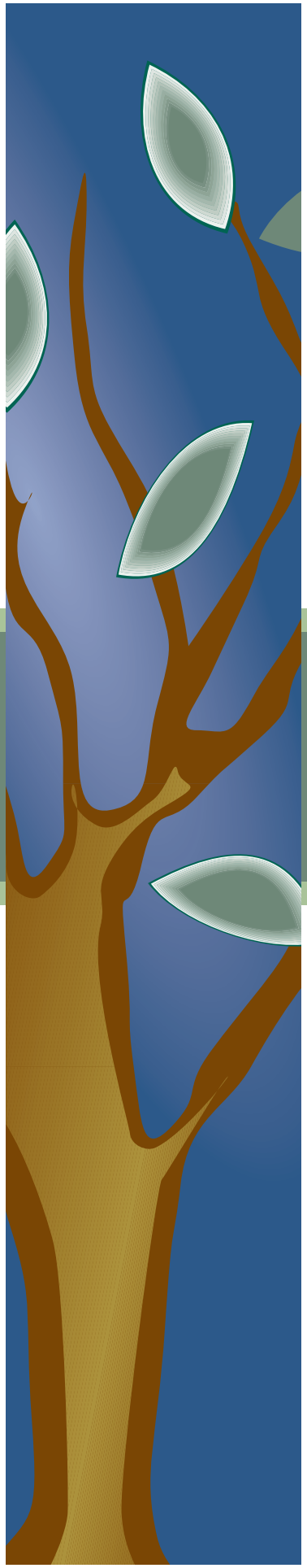
ALION
SCIENCE AND TECHNOLOGY

# Alion Code of Ethics, Conduct and Responsibility

October 2011



## CEO MESSAGE
*CODE OF ETHICS KEY TO SUCCESS*

Dear Employee-owner,

Alion Science and Technology Corporation ("Alion" or the "Company") has published this 2011 ***Code of Ethics, Conduct, and Responsibility*** (the "Code") to incorporate new laws and regulations and to make other general administrative amendments. The Code was prepared at the request of the Corporate Governance and Compliance Committee (the "Committee") of the Board of Directors and approved by the entire Board.

Alion is committed to the personal success and professional growth of its people, the success of its projects, and the long-term success of the Company.

At the root of Alion's commitment to success are the fundamental principles that legal requirements must be satisfied, financial statements must be complete and accurate, and customers and other stakeholders must be treated fairly.

The Alion Code not only requires compliance with laws and regulations, but embodies a commitment to positive behavior that builds *honesty*, promotes *fairness*, and demonstrates *integrity*. This leads to Alion's success by producing *customer satisfaction, loyalty, trust, and respect*. We honor our commitments, communicate openly, and hold ourselves accountable. Operating within the framework of the Code, Alion creates and sustains value for its stakeholders.

To measure compliance with the Code, the Board of Directors and the Committee require all employees, officers, directors and consultants to complete the attached Certification upon joining the Company and then again each year. In addition, any violation or apparent violation of the Code should be reported immediately without waiting for the next Certification form.

If you have a question or concern regarding the Code or any ethics-related policy, please call the independent, third party Ethics Hotline at 877-439-9227 or consult with an ethics point of contact set forth in the Code under Reporting Mechanisms.

I want to thank you for your commitment to these values that are essential to our success. Your comments are invited and encouraged.

Sincerely,

Bahman Atefi

Bahman Atefi
Chairman and CEO

## TABLE OF CONTENTS


Changes in the 2011 Code . . . . . 1

Vision, Mission and Values . . . . . 1

Quick Reference – The Code in a Nutshell . . . . . 2

Statement of Purpose . . . . . 3

Policies and Procedures . . . . . 3

Violations and Reporting Misconduct . . . . . 3

Reporting Mechanisms . . . . . 4

Responsibilities . . . . . 4

Compliance with Laws and Regulations . . . . . 5

Marketing and Procurement Integrity . . . . . 5

Government Proprietary and Source Selection Information . . . . . 6

Recruitment and Employment of Current and Former U.S. Government Employees . . . . . 6

Gratuities, Bribes and Kickbacks . . . . . 6

Doing Business Overseas . . . . . 7

Organizational Conflicts of Interest . . . . . 8

False Claims . . . . . 8

Labor Charging . . . . . 9

Government and Company Investigations . . . . . 9

Protecting Shareholder Value and Compliance with Securities Laws . . . . . 10

Protecting Confidential and/or Proprietary Information and Intellectual Property . . . . . 11

Security of U.S. Government Classified and Other Sensitive Information . . . . . 11

Records Retention . . . . . 12

Conflicts of Interest . . . . . 12

Political Activities . . . . . 12

Discrimination and Harassment, Including Sexual Harassment . . . . . 13

Technology in the Workplace . . . . . 13

Key Dos and Don'ts . . . . . 14

Closing Thoughts . . . . . 14

Supplement To Alion Code of Ethics, Conduct, and Responsibility: Code of Ethics for Finance Employees . . . . . 15

Certification . . . . . 17

## CHANGES IN THE 2011 CODE

The following are the principal changes in the 2011 Code:

*Q&As*

The Q&As after each section have been removed.

*Technology in the Workplace (previously entitled "Office Automation and Information Systems")*

This section has been re-written.

*Key Dos and Don'ts*

This section was added to provide a brief list of the key dos and don'ts covered in the Code.

*Certification*

The Certification has been expanded to include completion of the annual or new hire mandatory ethics training.

## VISION, MISSION AND VALUES

*Vision*

Our vision is to be a premier, total technology solutions provider for the global marketplace.

*Mission*

Alion fosters a dynamic employee-ownership culture that encourages the innovative application of science, engineering and operational experience to support the successful resolution of nationally and globally significant problems.

*Values*

The Alion core values by which we navigate are:

- Integrity of work, people and results
- Fairness to our employees, suppliers, consultants and customers
- Honesty
- Commitment to the personal success and professional growth of our people, the success of our projects and the long-term success of Alion
- Respect for our co-workers, customers, partners and competitors
- Highest quality of effort and work product

Our employee-ownership culture is the cornerstone of Alion. Employees who act like owners contribute significantly to our success. Ownership builds employee satisfaction, commitment and retention and these attributes are directly linked to customer satisfaction.

## QUICK REFERENCE – THE CODE IN A NUTSHELL

***Violations and Reporting Misconduct:*** Employees are obligated to report immediately any violation or apparent violation of the Code, or of Alion policies or procedures, or violations of law or regulation. Call the Ethics Hotline at 877-439-9227.

***Compliance with Laws and Regulations:*** No employee may take any action on behalf of Alion that the employee knows, or reasonably should know, would violate any law or regulation.

***Marketing and Procurement Integrity:*** Employees must always deal honestly and fairly with all government customers, as well as with other contractors, teaming partners, subcontractors, suppliers, and consultants supporting Alion's government business.

***Government Proprietary and Source Selection Information:*** Employees must not obtain, or try to obtain, directly or indirectly, from any government employee or other third parties, any information believed to contain proprietary or source selection information not belonging to the Company, except where permitted by law or express agreement.

***Recruitment and Employment of Current and Former U.S. Government Employees:*** Federal laws and regulations restrict post-government employment activities of former government officers and employees.

***Gratuities, Bribes and Kickbacks:*** Employees must not make, receive, or cause to be made or received, any improper payment or inducement that may be described as a bribe or kickback in connection with a business activity, to or from any actual or potential Alion customer, supplier, or government employee or official.

***Doing Business Overseas:*** Alion policy and the U.S. Foreign Corrupt Practices Act prohibit the giving of money or anything of value to a foreign official for the purpose of influencing a foreign official, even if local practice or custom permits it.

***Organizational Conflicts of Interest ("OCI"):*** Employees are required to disclose all actual or potential OCIs.

***False Claims:*** Employees must not submit or concur in the submission of any claims, bids, proposals, or any other documents of any kind that are false, fictitious, or fraudulent.

***Labor Charging:*** Timely and accurate completion of timesheets is essential; employees must record all hours worked.

***Government and Company Investigations:*** Any government inquiry arising through a written subpoena or a written request for information must be provided to the Law Department before any action is taken or promised.

***Protecting Shareholder Value and Compliance with Applicable Securities Laws:*** The trading of Alion securities or securities of other publicly-traded companies based on material, non-public information relating to any company is unethical and illegal.

***Protecting Confidential and/or Proprietary Information and Intellectual Property:*** Employees are responsible for ensuring the proper protection of Alion confidential and/or proprietary information and capital assets including intellectual property.

***Security of U.S. Government Classified and Other Sensitive Information:*** Employees must not seek access to, accept, or retain any classified materials for which they do not have a need to know, or which they are not otherwise entitled to possess.

***Records Retention:*** Employees must ensure that business records are available to meet the business needs of the Company, including all applicable legal, tax, and other regulatory requirements.

***Conflict of Interest:*** Employees and their immediate families should avoid any situation that may create or appear to create a conflict between personal interests and the interests of the Company.

***Discrimination and Harassment, including Sexual Harassment:*** Alion will not tolerate inappropriate behavior to include verbal or physical conduct that creates an intimidating, offensive, or hostile environment. No form of harassment will be tolerated including harassment for race, national origin, religion, disability, pregnancy, age, military status, sex, or sexual orientation.

***Technology in the Workplace:*** Whether in electronic or other form, all obscene, pornographic, inappropriate, offensive, harassing or discriminatory material is strictly prohibited in the workplace, and at work-related activities, as well as on technology or systems used for Alion business.

## STATEMENT OF PURPOSE

The purpose of the Alion Code of Ethics, Conduct, and Responsibility (the "Code") is to state the principles of business ethics and conduct that Alion requires ***all employees*** to follow in dealings on behalf of Alion with the government, the general public, customers, suppliers, competitors, and fellow employees, and to outline the requirements of the Alion Ethics Compliance Program (the "Program"). All officers and managers are responsible for making the Code known and regularly stressing its importance to employees over whom they have supervision.

## POLICIES AND PROCEDURES

The policies and procedures referenced in the Code can be found on the Alion Intraweb at:

- http://intraweb.alionscience.com (internal)
- http://iweb.alionscience.com (external)

## VIOLATIONS AND REPORTING MISCONDUCT

(See Policy Nos. EC1.01, EC1.02, EC1.03 and EC1.13)

Violations of the Code, or of Alion policies or procedures, or violations of law or regulation by any employee may result in disciplinary action up to and including termination. Alion may apply such disciplinary measures to any employee who directs or approves of prohibited activities, or who has knowledge of them and does not act promptly to correct or report them. Employees who fail to take reasonable steps to prevent or detect improper conduct are also subject to disciplinary action. Additional criminal or civil penalties may apply for violations of laws or regulations (federal, state, and local) governing activities outlined in the Code.

Employees are obligated to report ***immediately*** any violation or apparent violation of the Code, or of Alion policies or procedures, or violations of law or regulation, in accordance with Alion policy EC1.01 – Ethics Compliance Program, EC1.02 – Ethics Hotline, EC 1.03 – Internal Investigations and EC1.13 – Disclosing Violations of Law and Contract Overpayments. Alion fosters open and free communication within the Company to ensure that all reported violations are promptly investigated in accordance with applicable Alion policies and procedures. Employees must not conduct their own preliminary investigations. Alion will investigate all incidents reported to the Company to the fullest extent possible and will take appropriate action to address the situation. Employees have a duty to cooperate fully with such investigations and to provide all information that they possess regarding such violations. Failure to cooperate fully in a forthright manner with any such investigation is grounds for disciplinary action up to and including termination.

In doing business with the U.S. Government, Alion must also comply with the mandatory disclosure rule under the Federal Acquisition Regulations ("FAR"). Under the FAR, U.S. Government contractors and subcontractors are required to disclose to the federal government credible evidence of certain violations of U.S. criminal law, the civil False Claims Act, and significant overpayments involving the award, performance, or closeout of a U.S. Government contract or subcontract. Alion requires the prompt good faith reporting of any violation or apparent violation of the Code, or of Alion policies or procedures,

or violations of law or regulation. Anyone to whom such a disclosure is made (i.e., Human Resources Manager, Supervisor) must immediately forward the report to the Corporate Compliance Officer.

Alion does not discharge, demote, suspend, threaten, harass, retaliate, or discriminate against any person based upon the lawful action of any such employee with respect to good faith reporting of a violation or potential violation. In addition, any acts of retaliation against employees who follow the requirements of the Program, will not be tolerated and, in accordance with Company policies and procedures, will result in disciplinary action up to and including termination.

## REPORTING MECHANISMS

(See Policy Nos. EC1.02 and EC1.03)

***Ethics Hotline:*** Employees can call the Ethics Hotline or Report Online to express a concern or report possible violations of the Code, or of Alion policies or procedures, or violations of law or regulation. When reporting a concern, employees may be asked to provide the time, location, names of the people involved, and other details so that a proper investigation can be conducted. Every call to the Ethics Hotline or online submission is handled promptly, discreetly, and professionally, and may remain anonymous if so desired. The Company will investigate reports of illegal or unethical conduct received through these reporting mechanisms, and take appropriate action to resolve each reported matter.

**Alion**
**Ethics Hotline**
**877-439-9227**

**24 hours a day, 7 days a week**
**From outside the U.S., call collect 770-776-5697**
**Report Online: www.tnwinc.com/alion**

**Ethics Contacts:** Employees may also directly contact their supervisor, the Group Compliance Officer, the Corporate Compliance Officer, the Group Human Resources Manager or the Law Department.

These reporting mechanisms can be found on the Alion Intraweb at:

- http://intraweb.alionscience.com/ethics (internal)
- http://iweb.alionscience.com/ethics (external)

## RESPONSIBILITIES

*General Responsibilities for all Associated with Alion*

Alion directors, officers, employees, agents, consultants, subcontractors, and suppliers are expected to:

- Conduct business in accordance with the highest ethical standards;
- Comply with the letter and spirit of the laws of the U.S. and other jurisdictions in which Alion does business;
- Use Alion and customer resources appropriately;
- Never participate in, condone, or ignore illegal or unethical acts; and
- Raise ethical concerns immediately and escalate them as necessary to all appropriate resources within the company.

*Governing Authority Responsibilities*

The Corporate Governance and Compliance Committee of the Board of Directors is responsible for providing overall guidance with respect to the Program. In addition, the Audit and Finance Committee of the Board of Directors has established procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, auditing, or other financial matters. These procedures allow for the confidential and anonymous submission of concerns regarding questionable accounting or auditing matters.

*Corporate Compliance Officer and Group Compliance Officer Responsibilities*

The Corporate Compliance Officer ("CCO"), appointed by the Chairman and Chief Executive Officer, shall serve as the chief compliance officer for the Company, reporting to the CEO and the Committee, by monitoring and reporting results of Program efforts of the Company and by providing guidance for the Board and the senior management team on matters relating to compliance. The CCO implements all necessary actions to ensure achievement of the objectives of an effective compliance program.

Each Group within Alion has a Group Compliance Officer ("GCO") responsible for maintaining a high level of awareness and visibility of the Program to employees at the Group level. In addition, an existing GCO is assigned at the Sector level to act as a point of contact for Sector level employees.

*Manager and Supervisor Responsibilities*

Each manager and supervisor has the responsibility to employees, consultants, agents, and other representatives of the Company under his or her direction or control to:

- Lead by example
- Affirm the need to follow the Code, laws, regulations, and policies that govern our business
- Encourage an environment where employees ask questions and get advice before they act
- Consult with their ethics contacts
- Implement control measures to detect compliance risks
- Take prompt action to correct problems

*Employee Responsibilities*

Alion is committed to conducting its business in accordance with all applicable federal, state and local laws and regulations, and in accordance with the Code. Alion employees are expected to comply and to assist the company in complying with each of these obligations. All employees have the responsibility to familiarize themselves with the Code, its implementing policies and procedures, and the Program.

Any employee who suspects or has knowledge of violations of the Code, or of Alion policies or procedures, or violations of law or regulation should immediately report any concerns using one of the reporting mechanisms set above.

Employees are required to participate in mandatory ethics training on an annual basis. In addition, non-mandatory ethics training is provided on an intermittent basis.

*Responsibilities of Consultants, Subcontractors and Suppliers*

Alion policy requires consultants, subcontractors, and suppliers to comply fully with Alion's Code or to have an equivalent Code and to inform appropriate Alion company officials immediately of any illegal or unethical conduct in dealings with Alion directors, officers, and employees.

*Internal Audit Responsibilities*

Internal Audit will provide audits, reviews and assessments of the Program and Alion's internal controls. Internal Audit will also provide assistance to the CCO in the form of special reviews or assist, as appropriate, in internal investigations.

## COMPLIANCE WITH LAWS AND REGULATIONS

Alion conducts its business activities in compliance with all applicable U.S. (federal, state, and local) laws, regulations, and judicial decrees, as well as those of other countries where Alion conducts business. No employee may take any action on behalf of Alion that the employee knows, or reasonably should know, would violate any law or regulation.

In addition to literal compliance with legal requirements, each employee must adhere to the overriding moral and ethical standards of fair dealing in the conduct of business. Alion's interests are not served by unethical practices and activities even in the absence of a technical violation of law. When no legal requirement applies directly to a questionable situation, employees must conduct Alion business in a manner protective of Alion's tradition of integrity and ethical conduct.

## MARKETING AND PROCUREMENT INTEGRITY

(See Policy No. EC1.04)

Employees must always deal honestly and fairly with all government customers, as well as with other contractors, teaming partners, subcontractors, suppliers, and consultants supporting Alion's government business. When preparing government proposals and negotiating contracts, employees must always be accurate, current, and complete in all of their representations on behalf of Alion. In conducting business with government agencies, the Company is required to abide by certain special contract and procurement regulations and rules designed to protect the public interest and integrity of the government procurement processes.

In addition, the submission to a government customer of a proposal, price quotation, claim, or other information that is knowingly false, incomplete, or misleading can result in civil or criminal liability for both the Company

and individual employees involved in the submission. The penalties for such practices include suspension of a contract, debarment, imprisonment, and/or fines. The Company is obligated to and must disclose, when required to do so, current, accurate, and complete cost and pricing data. Generally, cost and pricing data includes historical price and cost information plus information related to supplier quotations, cost trends, management decisions, or other factors that may potentially affect costs.

Government contracts frequently impose high level quality requirements for critical and complex items. Management is responsible for identifying such requirements and communicating them to all employees assigned to the contract. Where a contract specifies use of particular components, equipment, materials, or processes, such specifications will be followed. Substitution of other components or changes in the scope of work in a contract is permitted only upon receipt of a written contract modification signed by the authorized government official, or as otherwise permitted by the contract. In such cases, employees should consult with the appropriate Group Contracts Manager or the Corporate Director of Contracts for guidance.

## GOVERNMENT PROPRIETARY AND SOURCE SELECTION INFORMATION

(See Policy No. EC1.04)

Employees must not obtain, or ask to obtain, directly or indirectly, from any government employee or other third parties, any information believed to contain proprietary or source selection information not belonging to the Company, except where permitted by law or express agreement. Examples include information contained in a competitor's bid or proposal, cost or pricing data, or other information submitted to the government or contemplated for submission to the government and designated as proprietary in accordance with the law or regulation.

## RECRUITMENT AND EMPLOYMENT OF CURRENT AND FORMER U.S. GOVERNMENT EMPLOYEES

(See Policy No. EC1.08)

Federal laws and regulations govern the employment of current or former U.S. Government employees (military or civilian), either directly or as consultants. These requirements also regulate the circumstances under which Alion may engage in pre-employment discussions. If a current government employee seeks employment with Alion, that employee must notify his or her supervisor and ethics official immediately to initiate a review of the situation in accordance with federal procurement integrity laws and regulations.

All prospective employees and consultants who are current or former U.S. Government officers or employees must complete the Alion Employment Questionnaire and Certification Form. This Employment Questionnaire and Certification Form is designed to assist Alion in determining which restrictions, if any, apply to the prospective employee/consultant and in assessing the impact upon employment discussions, hiring restrictions, and future work assignments at Alion.

Before initiating any action to discuss the employment of current or former U.S. Government employees, Alion employees must consult with the Director of Human Resources. In the event that a former U.S. Government employee becomes a consultant or employee of Alion, Alion will observe all applicable post-employment requirements.

## GRATUITIES, BRIBES AND KICKBACKS

(See Policy No. EC1.14)

Employees must not make, receive, or cause to be made or received any improper payment or inducement that may be described as a bribe or kickback in connection with a business activity, to or from any actual or potential Alion customer, supplier, or government employee or official.

The Anti-Kickback Act of 1986 prohibits government contractors and subcontractors from providing, attempting to provide, offering, soliciting, accepting, or attempting to accept any kickbacks. The Act stipulates criminal and civil penalties for both the Company and the responsible employee for a violation of the law.

Federal government departments and agencies are subject to procurement integrity laws and other regulations concerning acceptance by their employees of entertainment, meals, gifts, or anything of value from firms and persons with whom the government departments and agencies do business. Therefore, employees of Alion may not give, or offer to give, government employees or their families any prohibited entertainment, meal, gift, or item of value. Alion employees may, as an exception, provide marketing or promotional items such as a mug, pen, or T-shirt listed in the ***Alion Promotional Catalog*** that has a market value of $20 or less per government employee, per occasion, so long as the total value of the items given to a government employee during a calendar year does not exceed $50. This is commonly referred to as the "20/50 rule." Additionally, no "buy down" of a meal or promotional item is authorized under the regulations, which means that if the meal or promotional item costs more than $20, the government employee is not permitted to make up the difference. This applies to both the $20 per occasion and $50 per calendar year limits.

Alion does not prevent employees from socially entertaining business acquaintances. While entertaining clients, Alion employees may not incur any extravagant or any unreasonable expenses. However, it should be clear that Alion does not consider the entertainment of government employees to be related to the business activities of Alion. In addition, no expenditure for such social entertainment is reimbursable to the employee.

Alion employees are strongly encouraged to contact their appropriate Group Compliance Officer, the Corporate Compliance Officer or any member of the Law Department to confirm that any of the activities described in this section are in compliance with applicable laws and regulations or the Alion Program, or to discuss any other ethics-related matter. Also, as a reminder, every Alion employee, subcontractor, and consultant is obligated to report to the Group Compliance Officer, the Corporate Compliance Officer or any member of the Law Department any actual or potential violation of a law, regulation, or restriction contained in the Code. Employees may also report the matter through one of Alion's other reporting mechanisms such as the Ethics Hotline.

## DOING BUSINESS OVERSEAS

(See Policy Nos. AD7.01 and EC1.10)

Alion's international scope is expanding and employees must be mindful of both the U.S. laws and the laws and customs of the host country in which Alion has business activities. Although a survey of host country laws is beyond the scope of the Code, the following U.S. laws applicable to business activities overseas are noted:

- Foreign Corrupt Practices Act ("FCPA")
- Anti-boycott Laws
- Embargo Regulations
- Export/Import Laws and Regulations

***Foreign Corrupt Practices Act ("FCPA"):*** The FCPA has two principal components that:

- Prohibit the making of bribes, kickbacks, or other forms of corrupt, illegal, or improper payments to government officials for the purpose of obtaining or retaining business; and
- Require that the financial books, records, and accounts of the Company are accurate, current, and complete in all respects, and that the Company has a system of internal accounting controls to ensure accurate books, records, and accounts.

***Anti-boycott Laws:*** The Anti-boycott Law prohibits U.S. persons and companies from taking actions or entering into agreements that further economic boycotts or restrictive trade practices not supported by the U.S. Government. This primarily involves prohibiting actions that have the effect of furthering the Arab Boycott of Israel.

***Embargo Regulations:*** The Office of Foreign Assets Control ("OFAC"), through the Foreign Assets Control Regulations, prohibits exports to certain countries, individuals, or entities that are the object of sanctions by the U.S. Government. These regulations apply to all technologies and all transactions, not just exports. Something as simple as electronic mail exchanges or sending marketing materials to certain countries can violate the OFAC regulations. All transactions conducted by Alion and its employees must be carefully analyzed to ensure that an embargoed country, or a national from an embargoed country, is not involved.

***The Export/Import Laws and Regulations:*** The Export/Import Laws and Regulations were enacted to:

- Encourage and allow international commerce while maintaining the well-being and national security interests of the U.S. The Export Administration Regulations, the International Traffic in Arms Regulations and the Federal Firearm Regulations establish licensing, recordkeeping, screening, and reporting frameworks designed to ensure that these Regulations are properly implemented and enforced.
- Prohibit the export and re-export of certain U.S. origin products, services, and technologies and control the export and re-export of certain products, services, or technologies; and
- Require the use of an export license, license exception, or license exemption to export, controlled products, services, or technology specifically identified by the U.S. Government.

Violations of these laws and regulations can result in severe fines to Alion and its employees, and can result in imprisonment.

## ORGANIZATIONAL CONFLICTS OF INTEREST

(See Policy No CN3.10)

Alion policy prohibits any contract from being negotiated or executed if the interests of a particular customer are of such a nature as to compromise or threaten Alion's ability to maintain unbiased objectivity in serving its other customers, resulting in a potential Organizational Conflict of Interest ("OCI").

Examples of potential OCIs include:

- Competing for a management/services contract that might require the contracting company to evaluate its own or its competitors' products for use by the government;
- Competing to supply products/services for which Alion has designed the specifications;
- Access to other companies' proprietary information that has not been authorized for use in landing/performing the contract; and
- Access to other companies' proprietary information obtained by leveraging the contract in question, which might provide an unfair competitive advantage.

Where an actual or potential OCI may occur by entering into a contractual agreement or by accepting a task under an awarded contract, such contractual instruments may be entered into only after all of the following conditions have been satisfied:

- Full and complete disclosure of the actual or potential OCI has been made to the appropriate governmental official(s) with a proposed means of avoiding, mitigating or neutralizing all perceived conflict(s); and
- Consent to the execution of the contractual arrangement has been obtained from the appropriate governmental official(s), along with any necessary government approvals of an appropriate OCI avoidance and mitigation plan where required.

## FALSE CLAIMS

(See Policy No. EC1.04)

Employees must not submit or concur in the submission of any claims, bids, proposals, or any other documents of any kind that are false, fictitious, or fraudulent. With regard to government contracts, such acts are criminal violations which could result in prosecution of both the Company and the employee.

Employees charging costs to a contract must ensure that all costs are accurately recorded and charged to the proper account. The mischarging of labor costs, the improper allocation or transfer of costs, or the falsification of other cost records is not tolerated.

Employees must be aware of certification clauses, including OCI clauses, in government contracts and in all solicitations for which a bid is prepared. Employees must be mindful that reckless disregard for the truth or falsity of information presented to the government triggers the knowledge requirement for False Claims Act liability.

## LABOR CHARGING

(See Policy No. TA12.08)

Timely and accurate completion of timesheets as described in Alion's policies and procedures is essential. Alion must ensure that no cost is allocated to a government contract, either directly or indirectly, where unallowable, contrary to the contract or related regulations, or otherwise improper. Timesheets must report the number of hours worked and the proper distribution of the time against appropriate cost objectives represented by project and overhead ventures. Employees can ensure accuracy in time reporting by charging a cost objective only for the work performed on that objective. Each employee must complete an original timesheet (using either the paper or electronic time reports) on a daily basis.

Employees must record ***all hours worked*** on a daily basis or by 10 a.m. the next business day. Reporting hours not worked, but for which pay is received (e.g., leave, excused absences), must be true and accurate. Shifting of costs to a contract other than the contract worked on is strictly prohibited. It is essential that employees properly document and allocate any cost charged to a customer. These costs might include, but are not limited to, travel expenses, purchases, and use of equipment charges. Improper charging or allocation of time or any other cost may constitute a violation of civil or criminal statutes and regulations.

Direct-charge employees must keep time and labor-charging reports current and must properly report all time spent on each project/assignment. Assignments shall not be initiated until all proper documentation, including a charge number, has been issued and communicated to the employee. When this is not possible, a governmental Authority to Proceed is required.

## GOVERNMENT AND COMPANY INVESTIGATIONS

(See Policy Nos. EC1.03, EC1.06, EC1.11 and EC1.13)

As a U.S. Government contractor, Alion is subject to an array of laws and regulations governing its business activities. In some circumstances, a government agency may initiate an investigation or review of the Company's activities or the activities of an employee. During such investigations, the Company will comply with all applicable laws, regulations and contractual requirements, and will cooperate fully with appropriate investigating agency officials. In addition, the Company has certain procedures in the event a government official contacts an employee, requests information from an employee or the Company, and/or seeks to interview any employee in connection with an investigation that may involve possible violations of law. If this occurs, always contact the Law Department immediately.

The Company will often conduct its own internal investigation in cooperation with any government review. The Company also maintains a policy on disclosure to appropriate government agencies with regard to any suspected violations of law and contract overpayments involving the Company or any of its employees.

Alion also maintains policies and procedures for the Audit and Finance Committee and the Corporate Governance and Compliance Committee of the Board of Directors to administer and investigate complaints of a financial or other material nature including, but not limited to, accounting, financial reporting, and internal controls.

## PROTECTING SHAREHOLDER VALUE AND COMPLIANCE WITH SECURITIES LAWS

(See Policy Nos. TA1.01, TA3.02, TA11.01, and AD4.04)

The Alion Employee Stock Option Plan ("ESOP") Trust owns 100 percent of Alion's stock. Although Alion's stock is not publicly traded, Alion is required to make public filings with the U.S. Securities and Exchange Commission ("SEC") of certain financial and other business information.

***Proper Accounting:*** In order to assure corporate integrity and to preserve and enhance shareholder value, the Company will aggressively pursue growth and earnings objectives, while keeping ethical and legal standards at the forefront of all activities. This includes absolute reliability and accuracy of books and records, and honesty in disclosures. The books of account, financial statements, and records of the Company are intended to reflect accurately and fairly, in reasonable detail, the Company's operations and financial position and the underlying transactions and any disposition of assets. The books, statements, and records should be maintained in accordance with established financial and accounting policies issued by the Company and with generally accepted accounting principles, and in accordance with SEC requirements. All invoices submitted to the government for payment must be reviewed carefully for accuracy. If there is doubt as to whether a particular cost is allowable, it should not appear on the invoice. An employee's approval of an invoice means that the employee has certified that the amounts claimed are proper. Submission of inflated claims could lead to liability for the Company and the employee who approves the claim.

***Recording and Reporting Information:*** Information that is the basis for recording transactions or measuring the Company's performance and results should be recorded and reported accurately and honestly. No employee shall falsify, forge, or record inaccurate or misleading information that is used for recording transactions. Dishonest reporting, either inside or outside the Company, is strictly prohibited. This includes misreporting information or organizing it in a way that is intended to mislead or to misinform those who receive it.

***Discussing Company Affairs:*** Information about the Company and its affiliates, particularly financial information not yet disclosed, should not be disclosed to persons outside the Company, unless the information has been made public or unless disclosing the information is related to the Company's business and is done in accordance with applicable securities laws and regulations. Confidential Company business should not be discussed in public places or in places where visitors are likely to be present, such as lobbies, elevators, and cafeterias.

***Insider Trading:*** The use of non-public information for private gain, or the disclosure of non-public information to persons other than Alion employees or others who have a legitimate business need for the information, is strictly prohibited. The trading of Alion securities or securities of other publicly-traded companies based on material, non-public information relating to any company is unethical and illegal. Such trading includes acquiring a beneficial interest in Alion's stock through pre-tax deferrals, rollovers or transfers to the ESOP. Liability can also extend to any employee who discloses material, non-public information to another person, who in turn uses such information in a securities transaction. Even accidental disclosure of inside information to another party can be a serious breach of corporate confidentiality and can also result in insider trading. For this reason, every employee must avoid discussing sensitive information in any place where such information may be overheard by others. All incidents of disclosure of inside information must be promptly reported to the Law Department. Information is considered material if it would be considered important by investors making decisions on whether to purchase, sell, or hold the securities of the company in question.

## PROTECTING CONFIDENTIAL AND/ OR PROPRIETARY INFORMATION AND INTELLECTUAL PROPERTY

(See Policy No. EC1.07)

Employees are responsible for ensuring the proper protection of Alion confidential and/or proprietary information and capital assets including intellectual property. This responsibility is not limited to Alion facilities, but extends to the reasonable protection of all assets (confidential and/or proprietary information or intellectual property) used by Alion in the performance of its mission. This responsibility also extends to all confidential and/or proprietary information and intellectual property produced by and/or communicated to employees as a result of employment at Alion. In accordance with Alion's Employee Intellectual Property Agreement, Alion retains all rights, title, and interest to all inventions, software, and other intellectual property that result from or are suggested by work performed by employees for Alion or use of Alion resources.

Employees must: (a) take all responsible steps to comply with all applicable procedures established by Alion with respect to protecting confidential and/or proprietary information from unauthorized or inadvertent disclosure; (b) use confidential and/or proprietary information only as necessary and proper in the performance of his or her duties as an employee of Alion; and (c) not directly or indirectly, without the written consent of Alion, reproduce, copy, disseminate, publish, disclose, provide or otherwise make available to any person, firm, corporation, agency or other entity, any confidential and/or proprietary information. Under no circumstances shall an employee use, directly or indirectly, any such confidential and/or proprietary information for any purpose other than for Alion's sole benefit. All employees must, upon termination of employment with Alion, deliver all confidential and/or proprietary information in their possession to Alion.

In addition to the obligations with respect to Alion confidential and/or proprietary information, Alion must protect and hold in confidence confidential and/or proprietary and business-sensitive information given to it by customers, corporations, or individuals with whom it does business. Employees must report possession of such information to their Group Manager, and must take all necessary measures to protect such third party information from unauthorized disclosure.

## SECURITY OF U.S. GOVERNMENT CLASSIFIED AND OTHER SENSITIVE INFORMATION

(See Policy No. EC1.05)

Employees have an obligation to comply with the government regulations and laws that protect our nation's defense secrets and to prevent any unauthorized access to or dissemination of sensitive information.

Employees who have a valid security clearance and require access to specific classified information must handle such information, in whatever form it exists, strictly in accordance with the procedures set forth by the appropriate governmental agency for safeguarding classified information. Such procedures normally encompass activities such as storage, reproduction, review, shipping, and destruction of classified information.

Employees must not seek access to, accept, or retain any classified materials for which they have no need to know, or which they are not otherwise entitled to possess. Employees with questions relative to the security of U.S. Government classified information should contact the local Facility Security Officer or Alion's Corporate Security Officer.

In addition, information may be unclassified but sensitive in the form of documents labeled "For Official Use Only" or "For Internal Use Only" (or words to that effect) to identify information or material which, although unclassified, may not be appropriate for public release, or "NOFORN" meaning that the information is not to be conveyed in any manner to any foreign national except through a license or other valid approval from the appropriate U.S. Government agency or classifying authority. Employees must take appropriate steps to protect such information from unauthorized disclosure consistent with the agency rules and policies under which such document is issued.

## RECORDS RETENTION

(See Policy No. AD4.08)

Employees must ensure that business records are available to meet the business needs of the Company, including the legal, tax, and other regulatory requirements wherever Alion conducts its business. Failure to comply with the requirement to preserve documents and other information as required by the Records Retention policies and any distributed Hold Notice can result in serious adverse consequences to Alion and its employees.

It is unlawful to destroy, conceal, alter, or falsify any Alion business or other record, document, or object for the purpose of obstructing or influencing any lawsuit or other legal, regulatory, or government proceeding or investigation. Doing so may subject Alion and any offending persons to severe civil and criminal penalties including substantial damage awards, fines, and imprisonment.

## CONFLICTS OF INTEREST

(See Policy No. EC1.15)

Employees and their immediate families should avoid any situation that may create ***or appear to create*** a conflict between personal interests and the interests of the Company. Employees and their immediate families must not engage in any outside interest, activity, or investment which, in the opinion of Alion, may reflect against Alion or conflict with its best interests.

The following are examples of conflicts of interest:

- Engaging in employment or any other activity that interferes with your ability to devote the required time and attention to your job responsibilities at Alion
- Holding a significant financial interest in a current or prospective customer, supplier, or competitor of Alion, or serving as an employee, consultant, or director of that business
- Directing Alion business to a supplier owned or managed by a relative
- Supervising the job performance or compensation of a relative
- Using confidential Company information or improperly using Company assets for personal benefit or the benefit of others

If a conflict of interest or appearance of a conflict of interest develops, an employee must report the matter to his or her supervisor and the Corporate Compliance Officer.

It is important to remember that even if a conflict exists, it will not necessarily result in corrective action. Conflicts can arise innocently, and most are investigated to the extent necessary to determine that the Company's interests are being best served. Each conflict must be reported so that an independent determination can be made of the situation.

## POLITICAL ACTIVITIES

(See Policy No. AP1.01)

There are federal, state and local laws that govern contributions made to political candidates. No political contributions may be made by an employee on behalf of Alion. For purposes of this section, the term "contributions" includes the use of Alion facilities and employee time in connection with an election for public office. In addition, there are additional federal, state and local laws that govern the activities of government lobbyists. All such activities on behalf of Alion must be coordinated with the Director of Government Relations.

The Alion Science and Technology Corporation Political Action Committee ("Alion PAC") makes all political contributions on behalf of Alion's business interests. Alion PAC is funded by the voluntary contributions of eligible employees of Alion and its affiliates. Consistent with federal regulations, only eligible employees are asked to consider supporting the Alion PAC.

Eligible employees must also contact the Alion PAC for guidance before contacting U.S. Congressional and Executive Branch employees and staff.

## DISCRIMINATION AND HARASSMENT, INCLUDING SEXUAL HARASSMENT

(See Policy No. HR1.02)

Alion is committed to providing equal opportunity in employment to all employees and applicants for employment. No person shall be discriminated against because of race, religion, color, sex, sexual orientation, age, national origin, disability, or military status.

Alion promotes a productive work environment and will not tolerate inappropriate behavior to include verbal or physical conduct that creates an intimidating, offensive, or hostile environment. No form of harassment will be tolerated including harassment for race, national origin, religion, disability, pregnancy, age, military status, sex, or sexual orientation.

Employees who engage in acts that constitute discrimination and/or harassment will be disciplined in a manner appropriate to the offense up to and including termination.

Managers have a responsibility to keep the workplace free of any form of discrimination and/or harassment, including sexual harassment. No supervisor or manager may threaten or insinuate, either explicitly or implicitly, that an employee's refusal or willingness to submit to sexual advances will affect the employee's terms or conditions of employment.

All acts of discrimination and/or harassment must be reported to a supervisor or manager, senior management, or the Director of Human Resources or senior management if the complaint involves the supervisor or manager.

## TECHNOLOGY IN THE WORKPLACE

(See Policy Nos. AD5.04, IT1.01 and IT1.04)

Alion technology, systems and accounts (including social media and online communications) are provided for the purpose of conducting Company business. Occasional and incidental use for personal matters may be permitted.

Alion reserves the right to access and audit all such technology, and users should have no expectation of privacy in this regard. Alion retains ownership of all Alion information wherever situated. No Alion information should be retained on personal technology, and personal accounts should not be used for Alion business.

Whether in electronic or any other form, all obscene pornographic, inappropriate, offensive, harassing or discriminatory material is strictly prohibited in the workplace, and at work-related activities, as well as on technology or systems used for Alion business.

## KEY DOs AND DON'Ts

- Avoid any situation, activity or investment which affects or appears to affect your ability to exercise impartial judgment on the job or adversely affects the Company's interests, and disclose any actual, potential or perceived conflict of interest
- Don't offer, give or receive anything of value under circumstances that are unlawful or could be viewed as an attempt to improperly influence a recipient's decisions affecting the Company
- Don't give or offer anything of value, directly or indirectly, to any foreign official or entity for the purpose of influencing any act or decision in their official capacity in order to help Alion obtain or retain business or to direct business to any particular person or company or to secure any improper advantage
- Comply fully with Alion policies and all federal laws and regulations dealing with the recruitment and employment of current or former federal government employees, and ensure that all recruitment and hiring practices comport with such laws and regulations
- Don't make false or misleading entries of any kind on Company records or accounts at any level
- Ensure accuracy in all communications with federal, state and local governments
- Comply fully with Alion policies and all federal laws and regulations dealing with labor charging, and ensure total time accounting to appropriate charge numbers
- Follow OCI compliance measures by understanding the OCI categories and rules
- Don't destroy any information (hard copy or electronically stored) that is protected by a document hold notice
- Don't buy or sell securities based on non-public Company information, including changing investment selections or balances in the Company ESOP Plan
- Don't make or partake in any racist, sexist, homophobic or other types of offensive jokes or comments
- Don't view, download, possess, copy, send, post or access any illegal, sexually explicit, pornographic or obscene material of any kind
- Follow safeguarding measures to ensure proper protection of all Alion Confidential and Proprietary Information as well as capital assets including intellectual property such as trade secrets
- Report *immediately* any violation or apparent violation of the Code, or of Alion policies or procedures, or violations of law or regulation

## CLOSING THOUGHTS

The Code has been established to ensure that each employee is familiar with the policies and procedures of Alion toward business conduct and ethics. However, the Code does not cover every situation that may require an ethical decision. If faced with such a situation, use common sense and answer the following questions:

- Is the action legal? Contact the Law Department if unsure.
- How will it look on the front page of the newspaper?
- Would the action embarrass you if discussed among your professional peers, your friends or your family?
- Would you feel proud of the decision you make?

The success of Alion's Program depends on the support and cooperation of all employees. If you have any questions relative to the conduct or laws summarized in the Code, refer to the Reporting Mechanisms set forth in the Code. By keeping these broad lines of communication open and by conducting ourselves responsibly and ethically, we will ensure the continuance of our reputation as a preeminent supplier of technology services and products to both the government and industry.

The Code may be changed at any time with or without notice. Adherence to the Code and the Program constitutes a term of employment, but the Code shall not otherwise alter the employment relationship of any employee or limit the right of either Alion or any employee to terminate that employment relationship with or without notice and with or without cause.

## SUPPLEMENT TO ALION CODE OF ETHICS, CONDUCT, AND RESPONSIBILITY: CODE OF ETHICS FOR FINANCE EMPLOYEES

*Effective November 2007*

This Code of Ethics for Finance Employees (the "Finance Code") applies to the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Controller or other personnel performing similar functions (collectively "Finance Employees"). The Finance Code is intended to supplement the Alion Code of Ethics, Conduct and Responsibility and its implementing policies and procedures. To ensure complete and accurate financial records and reporting, all Finance Employees will:

- Act with honesty and integrity and avoid actual or apparent conflicts of interest;
- Provide constituents with information that is accurate, complete, objective, relevant, timely and understandable;
- Comply with rules and regulations of federal, state and local governments, and other applicable private and public regulatory agencies;
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated;
- Respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one's work will not be used for personal advantage;
- Share knowledge and maintain skills important and relevant to constituents' needs;
- Proactively promote ethical behavior as a responsible partner among peers, in the work environment and the community; and
- Exercise responsible use of and control over all assets and resources employed or entrusted.

*Sarbanes-Oxley Compliance*

*The Sarbanes-Oxley Act of 2002* (the "Act") imposes duties and significant penalties for non-compliance on public companies and their executives, directors, auditors, attorneys and securities analysts.

Because Alion is an issuer of securities that is required to file an annual report on Form 10-K with the Securities and Exchange Commission ("SEC"), there are numerous aspects of the Act that impact Alion. These include, for example, rules governing the independence of Alion's independent financial auditor, requirements on the qualifications of members of the Board's Audit and Finance Committee, enhanced financial disclosures in filings with the SEC, restrictions on conflicts of interest, and criminal accountability for fraud.

Pursuant to the Act, the SEC has issued rules requiring the CEO and CFO to certify that:

1. The annual report does not contain untrue statements or material omissions;
2. The financial statements fairly present, in all material respects, the financial condition and results of operations;
3. Such officers are responsible for internal controls designed to ensure that they receive material information regarding the issuer and consolidated subsidiaries;
4. The internal controls have been reviewed for their effectiveness within 90 days prior to the report; and
5. Any significant changes to the internal controls have been reported.

Consistent with the best practices implemented by public companies, Alion's CEO and CFO require certain executives who report directly to them to make an internal certification that these executives have provided the CEO or CFO will all necessary information. Such internal certifications, called "sub-certifications," are not filed with the SEC, but nevertheless provide the company with assurance that it has obtained all facts necessary to file a proper report to the SEC. In most cases, the CEO's and CFO's direct reports will similarly require their reports to make a second-tier sub-certification.

Any questions regarding this Finance Code should be directed to the Alion Law Department or through other channels as set forth in the ***Code of Ethics, Conduct and Responsibility***.

**NOTES:**

## CERTIFICATION

1. Have you received and read Alion's 2011 Code of Ethics, Conduct and Responsibility (Code)?
   Yes ☐ No ☐

2. Do you understand the Code? Yes ☐ No ☐ Unsure ☐
   If "No" or "Unsure," please specify what you don't understand:_____

   _____

*Note: If you are completing this Certification as a new hire, please skip questions 3 and 4.*

3. Have you completed the 2011 Annual Mandatory Ethics Training (Training)? Yes ☐ No ☐

4. Do you understand the Training? Yes ☐ No ☐ Unsure ☐
   If "No" or "Unsure," please specify what you don't understand:_____

   _____

5. Are you aware of anything relating to yourself that involves a violation or apparent violation of the Code or of Alion policies or procedures? Yes ☐ No ☐ Unsure ☐
   If "Yes" or "Unsure," please explain: _____

   _____

6. Are you aware of any situation involving Alion or any of its directors, employees, consultants, agents or representatives that involves a violation or apparent violation of the Code or of Alion policies or procedures? Yes ☐ No ☐ Unsure ☐
   If "Yes" or "Unsure," please explain: _____

   _____

7. Are you aware of any conflict of interest relating to yourself or involving Alion or any of its directors, employees, consultants, agents or representatives? Yes ☐ No ☐ Unsure ☐
   If "Yes" or "Unsure," please explain: _____

   _____

8. Are you aware that the Code requires you to report promptly any violation of the Code as soon as you become aware of it, without waiting for the next Certification form? Yes ☐ No ☐

Signature: _____

Name (printed): _____

Group/Sector: _____

Date: _____

***When complete and signed, forward this document to your local Human Resources Manager.***

ALION
SCIENCE AND TECHNOLOGY