

STEELCLOUD, INC.

CODE OF ETHICS

1. Purpose.

The Board of Directors (the “**Board**”, and each member of the Board, a “**Director**”) of SteelCloud, Inc., a Virginia corporation (the “**Company**”) has adopted the following Code of Ethics (the “**Code**”) to apply to all associates, including, but not limited to, the Chief Executive Officer, each other principal executive officer, the Chief Financial Officer, Controller (the Chief Financial Officer and Controller are hereinafter referred to as the “**Senior Financial Officers**”), as well as to the Directors of the Company. The Code is intended to promote ethical conduct and compliance with laws and regulations, to provide guidance with respect to the handling of ethical issues, to implement mechanisms to report unethical conduct, to foster a culture of honesty and accountability, to deter wrongdoing and to ensure fair and accurate financial reporting.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles. You are encouraged to bring questions about particular circumstances that may involve one or more of the provisions of this Code to the attention of the Vice President of Administration or the Chair of the Audit Committee, who may consult with the Company’s outside legal counsel as appropriate.

2. Introduction.

All associates and Directors of SteelCloud, Inc. are expected to adhere to a high standard of ethical conduct. The reputation and good standing of the Company depend on how the Company’s business is conducted and how the public perceives that conduct. Unethical actions, or the appearance of unethical actions, are not acceptable. In addition to each of the directives set forth below, all associates and Directors shall be guided by the following principles in carrying out their duties and responsibilities on behalf of the Company:

Loyalty, Honesty and Integrity. You must not be, or appear to be, subject to influences, interests or relationships that conflict with the best interests of the Company.

Observance of Ethical Standards. When carrying out your duties and responsibilities on behalf of the Company, you must adhere to the high ethical standards described in this Code.

Accountability. You are responsible for your own adherence and the adherence of the other officers and Directors to whom this Code applies. Familiarize yourself with each provision of this Code and those set forth in the Company’s Insider Trading Policy.

3. Integrity of Records and Financial Reporting.

The Chief Executive Officer and Senior Financial Officers are responsible for the accurate and reliable preparation and maintenance of the Company's financial records. Accurate and reliable preparation of financial records is of critical importance to proper management decisions and the fulfillment of the Company's financial, legal and reporting obligations. As a public company, SteelCloud, Inc. files annual and periodic reports and makes other filings with the Securities and Exchange Commission (the "SEC"). It is critical that these reports be timely and accurate. The Company expects those officers who have a role in the preparation and/or review of information included in the Company's SEC filings to report such information accurately and honestly. Reports and documents the Company files with or submits to the SEC, as well as other public communications made by the Company, should contain full, fair, accurate, timely and understandable disclosure.

The Chief Executive Officer and Senior Financial Officers are responsible for establishing, and together with the Directors or the members of the Company's Audit Committee, as the case may be, overseeing adequate disclosure controls and procedures and internal controls and procedures, including procedures which are designed to enable the Company to: (a) accurately document and account for transactions on the books and records of the Company and its subsidiaries; and (b) maintain reports, vouchers, bills, invoices, payroll and service records, performance records and other essential data with care and honesty.

4. Conflicts of Interest.

You must not participate in any activity that could conflict with your duties and responsibilities to the Company. A "conflict of interest" arises when one's personal interests or activities appear to or may influence that person's ability to act in the best interests of the Company. Any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest should be disclosed to the Vice President of Administration. In addition, because conflicts of interest are not always obvious, you are encouraged to bring questions about particular situations to the attention of the Vice President of Administration.

This Code does not describe all possible conflicts of interest that could develop.

Some of the more common conflicts from which you must refrain are set forth below:

Family members. You may encounter a conflict of interest when doing business with or competing with organizations in which you have an ownership interest or your family member has an ownership or employment interest. "Family members" include a spouse, parents, children, siblings and in-laws. You must not conduct business on behalf of the Company with family members or an organization with which your family member is associated, unless such business relationship has been disclosed and authorized by the Chair of the Audit Committee.

Improper conduct and activities. You may not engage in any conduct or activities that are inconsistent with the Company's best interests or that disrupt or impair the Company's relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship.

Compensation from non-Company sources. You may not accept compensation in any form for services performed for the Company from any source other than the Company.

Gifts. You and members of your immediate family may not accept gifts from persons or entities if such gifts are being made in order to influence you in your capacity as an employee or Director of the Company, or if acceptance of such gifts could create the appearance of a conflict of interest.

Personal use of Company assets. You may not use Company assets, labor or information for personal use, other than incidental personal use, unless approved by the Chair of the Audit Committee or as part of a compensation or expense reimbursement program.

5. Corporate Opportunities.

All associates and Directors are prohibited from: (a) taking for themselves personally opportunities related to the Company's business; (b) using the Company's property, information, or position for personal gain; or (c) competing with the Company for business opportunities; *provided, however*, if the Company's disinterested Directors determine the Company will not pursue such opportunity, after disclosure of all material facts by the individual seeking to pursue the opportunity, the individual may do so.

6. Confidentiality.

You must maintain the confidentiality of information entrusted to you by the Company and any other confidential information about the Company, its business, customers or suppliers, from whatever source, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Company, its business, customers or suppliers.

7. Compliance with Laws, Rules and Regulations.

It is the policy of the Company to comply with all applicable laws, rules and regulations, and the Company expects its associates and Directors shall carry out their responsibilities on behalf of the Company in accordance with such laws, rules and regulations and to refrain from illegal conduct. Transactions in Company securities are governed by the Company's Insider Trading Policy.

8. Encouraging the Reporting of any Illegal or Unethical Behavior.

The Company is committed to operating according to the highest standards of business conduct and ethics and to maintaining a culture of ethical compliance. All associates and Directors should promote an environment in which the Company: (a) encourages associates to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages associates to report violations of laws, rules and regulations to appropriate personnel; and (c) informs associates that the Company will not allow retaliation for reports made in good faith.

9. Fair Dealing.

All associates and Directors should deal fairly with the Company's customers, suppliers, competitors and associates. It is the policy of the Company to prohibit any person from taking unfair advantage of another through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

10. Waivers.

It is the Company's policy that waivers of this Code will not be granted except in exigent circumstances. Any waivers of this Code may only be granted by a majority of the Board after disclosure of all material facts by the individual seeking the waiver. Any waiver of this Code will be promptly disclosed as required by law or stock exchange regulation.

11. Conclusion.

You should communicate any suspected violations of this Code, or any unethical behavior encompassed by this Code, promptly to the Chair of the Audit Committee or to the Vice President of Administration. Violations will be taken seriously and investigated by the Board or by a person or persons designated by the Board and appropriate disciplinary action will be taken in the event of any violations of the Code.

If there are any questions involving application of this Code, guidance should be sought from the Vice President of Administration.

It shall also be the policy of the Company that all associates and Directors of the Company acknowledge receipt of and certify their willingness to adhere to the foregoing annually (no later than January 31) on FRM 275 "Annual Certification of the SteelCloud Code of Conduct" and file a copy of such certification in accordance with the Company's record retention policy ^{QSP16}. It shall also be the policy of the Company that the Chief Executive Officer, Principal Executive Officers, all Board Directors, the Chief Financial Officer and Controller acknowledge receipt of and certify their willingness to adhere to the foregoing annually (no later than January 31) and file a copy of such certification with the Audit Committee of the Board.

SteelCloud Executives, Officers and Board of Directors Annual Certification of the SteelCloud Code of Conduct

By signing below, I acknowledge that I have received, reviewed and fully understand the SteelCloud Code of Conduct. Accordingly, my signature affirms my compliance with and adherence to this policy.

Officers/Key Accounting Employees:

<u>/s/ Brian Hajost</u>	<u>1/14/2009</u>
Brian Hajost	Date
Chief Executive Officer	

<u>/s/ Kevin M. Murphy</u>	<u>1/14/2009</u>
Kevin M. Murphy	Date
Chief Financial Officer	

<u>/s/ Chris Balsley</u>	<u>1/14/2009</u>
Chris Balsley	Date
Chief Accounting Officer	

Board of Directors:

<u>/s/ VADM Burkhalter</u>	<u>1/14/2009</u>
VADM Burkhalter	Date
Director	

<u>/s/ James Bruno</u>	<u>1/14/2009</u>
James Bruno	Date
Director	

<u>/s/ Jay Kaplowitz</u>	<u>1/14/2009</u>
Jay Kaplowitz	Date
Director	

<u>/s/ Ben Krieger</u>	<u>1/14/2009</u>
Ben Krieger	Date
Director	

<u>/s/ Ashok Kaveeshwar</u>	<u>1/14/2009</u>
Ashok Kaveeshwar	Date
Director	