

# ATOSSA GENETICS, INC.

## Corporate Code of Business Conduct and Ethics

### 1. General Policy

This Code of Business Conduct and Ethics (the “Code”) is applicable to (i) all employees, directors and officers of Atossa Genetics, Inc. (the “Company”), (ii) individuals performing the function of principal executive officer and principal financial officer at each of the Company’s subsidiaries (if any) and (iii) certain other individuals that may be designated from time to time by the Company (each a “Designated Person” and collectively, “Designation Persons”). The purpose of this Code is to ensure that all Designated Persons adhere to the highest standards of ethical business conduct. Because of the complex and changing nature of legal requirements, each member of the Company must be vigilant to ensure that his or her conduct complies with the Code. If any Designated Person becomes aware of an issue of compliance that is not adequately addressed in this Code, the Chief Financial Officer should be notified. The text of Company’s Code of Business Conduct and Ethics can also be found on the Company’s website at [www.atossagenetics.com](http://www.atossagenetics.com).

Violations of the Code will result in disciplinary action. Such action may include an oral or written warning, disciplinary probation, suspension, reduction in salary, demotion or dismissal from employment. These disciplinary actions may apply to an employee’s supervisor who directs or approves of the employee’s improper actions, who knowing of those actions does not act appropriately to correct them, or fails to exercise appropriate supervision. For all Designated Persons, the failure to report known or suspected wrongdoing may, by itself, subject that person to disciplinary action. In addition to imposing its own discipline, the Company may also bring violations of law or suspected violations of law to the attention of appropriate law enforcement personnel.

If an employee knows of or suspects a violation of this Code, he or she should immediately report the conduct to his or her supervisor. The supervisor will contact the Chief Financial Officer which will work with the employee and the supervisor to investigate the matter. If the employee does not feel comfortable reporting the conduct to a supervisor or does not get a satisfactory response, the employee may contact the Chief Financial Officer directly.

All reports of known or suspected violations involving the accuracy of the Company’s financial reports and related matters should be reported directly to the Audit Committee, which report can be submitted on a confidential and anonymous basis.

<u>Audit Committee Contact Information</u>
By Mail:  Audit Committee of the Board of Directors of Atossa Genetics, Inc. c/o Atossa Genetics, Inc. 107 Spring Street Seattle, WA 98104 Attention: Chairperson of the Audit Committee (Confidential)

By telephone: 800.351.3902

By facsimile: 206.430.1288

All reports of known or suspected violations of the law or this Code will be handled in a manner to protect each employee's confidentiality to the extent possible, consistent with the law and the Company's need to investigate the matter.

All employees, officers and directors of the Company will be protected from retaliation as a result of their lawfully reporting information regarding, or their participation in investigations involving, alleged violations of the law, business ethics or the Code or other misconduct. However, the Company reserves the right to discipline anyone who knowingly makes a false accusation, provides false information to the Company or has acted improperly.

The Code generally highlights some of the more important legal principles with which Designated Persons are expected to become familiar. The fact that the Code does not specifically reference other applicable laws (some of which may be covered in other Company documents) does not diminish their importance or application.

This Code is intended to satisfy the requirements set forth in Section 301 of the Sarbanes-Oxley Act, which requires the Audit Committee to establish procedures for: (a) the receipt, retention and treatment of complaints received by the Board from employees regarding accounting, internal accounting controls, or auditing matters; and (b) the submission by employees of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting or auditing matters.

## **2. Compliance with the Law**

The Company seeks to comply with all applicable government laws, rules and regulations. Some of the regulatory programs that employees may deal with in the course of their duties include, but are not limited to, the following:

- Labor laws and collective bargaining agreements;
- Occupational safety and health regulations;
- Building, safety and fire codes;
- Employment discrimination or harassment;
- Wage and hour laws;
- Export control system;
- Environmental programs;
- Laws related to bribery and kickbacks; and
- Federal and state securities laws.

The Chief Financial Officer can provide employees with information on these laws, rules and regulations or direct an employee's questions and concerns to the proper person.

### **3. Publicly Traded Securities**

Because our securities are publicly traded in the United States, certain activities of the Company are subject to the federal securities laws. These laws govern the dissemination or use of information about the affairs of the Company or its subsidiaries or affiliates, and other information which might be of interest to persons considering the purchase or sale of the securities. Violations of the federal securities laws could subject you and the Company to severe criminal and civil penalties. Accordingly, the Company will not tolerate any conduct that risks a violation of these laws.

#### **a. Disclosure of Transactions in Company's Securities**

The Securities and Exchange Commission (the "SEC") requires continuing disclosure of transactions in the Company's publicly traded securities by the Company, its directors, officers, major stockholders and other affiliated persons.

#### **b. Insider Trading**

It is illegal for any person, either personally or on behalf of others, (i) to buy or sell securities while in possession of material nonpublic information or (ii) to communicate (to "tip") material nonpublic information to another person who trades in the securities on the basis of the information or who in turn passes the information on to someone who trades. All Designated Persons and temporary insiders, such as accountants and lawyers, must comply with these "insider trading" restrictions.

All information that an investor might consider important in deciding whether to buy, sell or hold securities is considered "material." Information that is likely to or may affect the price of securities is almost always material. Examples of some types of material information are:

- financial and operating results for the month, quarter or year;
- financial forecasts, including proposed or approved budgets;
- possible mergers, acquisitions, joint ventures and other purchases and sales of products, businesses, companies and investments in companies;
- obtaining or losing important contracts;
- major personnel changes; and
- major litigation developments.

All information about the Company or its business plans is potentially "insider" information until publicly disclosed or made available by the Company. Thus, Designated Persons may not disclose it to others. This prohibition includes disclosure to relatives, friends, and business or social acquaintances. Information is considered to be nonpublic unless it has been effectively disclosed to the public (e.g., by a press release). In addition to public disclosure, there must also be adequate time for the market as a whole to digest the information. A delay of one or two business days is generally considered a sufficient period for routine information to be absorbed by the market. Nevertheless, a longer period of delay may be considered appropriate in more complex disclosures.

When a Designated Person knows material nonpublic information about the Company, he or she is prohibited from three activities:

- trading in Company securities for his or her own account or for the account of another (including any trust or other entity that buys or sells securities, such as a mutual fund, of which the Designated Person is a trustee);
- directing anyone else to trade for the Designated Person; and
- disclosing the information to anyone else who then trades or in turn “tips” another person who trades.

Neither the Designated Person nor anyone acting on the Designated Person’s behalf, nor anyone who learns the information from the Designated Person, may trade for as long as the information continues to be material and non-public.

If a Designated Person is considering buying or selling stocks or bonds and is unsure whether the transaction might involve the improper use of material non-public information, the individual should obtain specific prior approval from the Chief Financial Officer (who in turn may ask advice from the Company’s counsel) or the Chief Financial Officer’s designee. The individual is also strongly encouraged to consult with his or her attorney.

In addition, to help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on the basis of inside information, Designated Persons are prohibited from trading in the securities of the Company during quarterly blackout periods (beginning 2 weeks before the end of a fiscal period and ending after the second full business day following the release of the Company’s earnings for that quarter) and during certain event-specific blackouts. Designated Persons also must pre-clear all transactions in the securities of the Company with the Chief Financial Officer or the Chief Financial Officer’s designee.

On a related point, no one should discuss the Company’s material nonpublic information in public areas, such as corridors, elevators and restaurants, and care should be taken in the handling and disposal of papers containing material nonpublic information. Any questions or concerns about disclosure of non-public information should be brought to the Chief Financial Officer.

#### **4. Confidential Information**

You may be entrusted with the Company’s confidential business information. You are required to safeguard and use such information only for Company purposes, unless disclosure of such information is properly authorized by the Chief Financial Officer or the Chief Financial Officer’s designee or legally mandated. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its customers, if disclosed. You are expected to maintain the confidentiality of any and all such information entrusted to you by the Company or our customers. Examples of confidential business information include, but are not limited to: the Company’s trade secrets, business trends, detailed sales, cost and profit figures, new product or marketing plans, research and development ideas or information, manufacturing processes, and information about potential acquisitions, divestitures and investments. Failure to observe this duty of confidentiality may compromise our

competitive advantage and may additionally result in a violation of securities, antitrust or employment laws. It may also violate agreements providing for the protection of such confidential information. You should not discuss confidential Company information outside the Company with anyone, including your family.

You may also possess sensitive, privileged information about our customers. These customers properly expect that this information will be kept confidential. The Company takes very seriously any violation of a customer's confidentiality and will not tolerate such conduct. Discussing a customer, or providing any information about customers to anyone other than Company authorized personnel or Company employees who need the information will have serious consequences. As with all confidential information, employees should not discuss customer information outside the Company.

## **5. Ethical Obligations of Financial Reporting**

As a public company, we are also committed to carrying out all continuing disclosure obligations in a full, fair, accurate, timely and understandable manner. Depending on their position with the Company, Designated Persons may be called upon to provide information to assure that the Company's public reports are complete, fair and understandable. The Company expects all of its personnel to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements. To this end, each Designated Person agrees, as applicable, that he or she will:

- act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships;
- provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, government agencies and in other public communications;
- comply with rules and regulations of federal, state, provincial and local governments, and other appropriate 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 stockholder's needs;
- proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community; and
- achieve responsible use of and control over all assets and resources employed or entrusted.

Designated Persons should promptly report to the Chairman of the Audit Committee any conduct that the individual believes to be a violation of law or business ethics or of any provision

of the Code, including any transaction or relationship that reasonably could be expected to give rise to such a conflict. Violations, including failures to report conduct by others that may constitute a violation, will be viewed as a severe disciplinary matter that may result in personnel action, including termination of employment.

## **6. Continuing Disclosure Obligations and Accuracy of Business Records**

In order to support our disclosure obligations, it is the Company's policy to record and report factual information honestly and accurately. Failure to do so is a grave offense and will subject an individual to severe discipline by the Company, as well as possible criminal and civil penalties.

Investors count on the Company to provide accurate information about our business and to make responsible business decisions based on reliable records. Every individual involved in creating, transmitting or entering information into the Company's financial and operational records is responsible for doing so fully, fairly, accurately and timely, and with appropriate supporting documentation. No Designated Person may make any entry that intentionally hides or disguises the true nature of any transaction. For example, no individual may understate or overstate known liabilities or assets, record false sales or record them early, defer or accelerate the proper period for recording items that should be expensed, falsify quality or safety results, or process and submit false or inaccurate invoices.

Compliance with established accounting procedures, the Company's system of internal controls, and generally accepted accounting principles is necessary at all times. In order to achieve such compliance, the Company's records, books and documents must accurately reflect the transactions and provide a full account of the Company's assets, liabilities, revenues and expenses. Knowingly entering inaccurate or fraudulent information into the Company's accounting system is unacceptable and may be illegal. Any individual who has knowledge that an entry or process is false and material is expected to inform the Chief Executive Officer, Chief Financial Officer or Chairman of the Audit Committee. In addition, it is the responsibility of each Designated Person to cooperate with the Company's authorized internal and external auditors.

When billing others for the Company's goods or services, the Company has an obligation to exercise diligence, care and integrity. The Company is committed to maintaining the accuracy of every invoice it processes and submits. Each employee who is involved in submitting charges, preparing claims, billing and documenting services is expected to monitor compliance with applicable rules and maintain the highest standards of personal, professional and institutional responsibility. By the same token, each employee who is involved with processing and documenting claims for payment made to the Company by outside vendors or contractors is expected to maintain the highest standards of professionalism and ethics. Any false, inaccurate, or questionable practices relating to billing others or to processing claims made by others for payment should be reported immediately to a supervisor or to the Chief Executive Officer, Chief Financial Officer or Chairman of the Audit Committee.

Every individual should be aware that the Company's business records may become subject to public disclosure in the course of litigation or governmental investigation. Records are



also often obtained by outside parties or the media. Employees should therefore attempt to be as clear, concise, truthful and accurate as possible when recording any information. They must refrain from making legal conclusions or commenting on legal positions taken by the Company or others. They must also avoid exaggeration, colorful language and derogatory characterizations of people and their motives. The Company will not tolerate any conduct that creates an inaccurate impression of the Company's business operations.

## **7. Protection and Proper Use of Company Assets**

Designated Persons should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

Everyone who works with the Company's computer-based resources is responsible for their appropriate use and protection from theft, damage or loss and should take care to protect and ensure that the security features of the computer-based resources are not compromised. Information created, transmitted or accessed on Company networks is Company property and the Company reserves the right to monitor or restrict access to it. Supervisors are responsible for ensuring Company resources are used productively.

Computer software used in connection with the Company's business must be properly licensed and used only in accordance with that license. Using unlicensed software could constitute copyright infringement. If an employee has any questions as to whether a particular use of computer software is licensed, the employee should consult with the Chief Financial Officer.

The same level of care should be taken when using the Company's e-mail, Internet and voice mail systems as is used in written documents. For example, confidential information about the Company should not be disclosed on electronic bulletin boards, in chat rooms or posted on an Internet website. The Company's e-mail, Internet and voice mail systems should not be used for messages that are defamatory, obscene, profane, sexually oriented, threatening, racially offensive or otherwise in violation of Company policy. In addition, when using e-mail you should keep in mind that e-mail can be forwarded to additional and unintended recipients without the knowledge of the original sender and that e-mails can be easily altered and forwarded to others in their modified form. Employees should not expect a right to privacy for their e-mail or Internet use or for personal documents or files stored on Company equipment. All e-mail and Internet use and creation of personal documents or files on Company equipment is subject to monitoring in accordance with applicable law.

## **8. Employee Privacy**

The Company is firmly committed to respecting employee privacy. It is the Company's policy to acquire and retain only employee personal information that is required for effective operation of the Company or that is required by law in the jurisdictions in which we operate. Access to such information will be restricted internally to those employees with a recognized need to know such information. The Company will comply with all applicable laws regulating the disclosure of personal information about employees.

## **9. Corporate Opportunities**

Except as otherwise set forth in the Company's amended and restated certificate of incorporation and applicable law, Designated Persons are prohibited from (a) taking opportunities for themselves that are discovered through the use of Company property, information or position, (b) using Company property, information or position for personal gain, and (c) competing with the Company. Each Designated Person owes a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises.

## **10. Fair Dealing**

Designated Persons should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practices.

## **11. Antitrust Compliance**

The Company requires compliance with the antitrust laws of every jurisdiction in which the Company does business. Every employee of the Company is responsible for compliance with the applicable antitrust laws. The Sherman Act and other antitrust laws prohibit the Company and its directors, officers, employees, agents and representatives from engaging in any activity (1) designed to reach an understanding with competitors concerning selling prices of our products, terms of sales, production or distribution methods or division of sales territories or customers, (2) designed to reach an understanding with customers regarding reciprocal buying and selling and (3) resulting in other prohibited activity such as illegal price discrimination or trade restraints. Similar legislation or regulatory restrictions also exist in each of the states and foreign countries in which the Company conducts its business. Employees who fail to comply with the antitrust laws can jeopardize the reputation and business interests of the Company, as well as their own careers. Antitrust violations can result in severe criminal and civil penalties, including fines for corporations and fines and jail terms for individuals.

## **12. Conflicts of Interest**

Designated Persons must avoid all potential conflicts of interest or situations that give the appearance of a conflict of interest. A conflict of interest occurs when the private interest of a Company employee, officer or director (or an immediate family or household member of a Designated Person or someone with whom a Designated Person has an intimate relationship) interferes, in any way, or even appears to interfere, with the duties performed by the Company employee, officer or director or with the interests of the Company as a whole. A conflict can arise when a Designated Person takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when an individual, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, Designated Persons are of special concern.

To this end, Designated Persons may not be employed by, act as a consultant to, or have an independent business relationship with any of the Company's customers, competitors or



suppliers. Nor may Designated Persons invest in any customer, supplier, or competitor (other than through mutual funds or through holdings of less than 1% of the outstanding shares of publicly traded securities) unless they first obtain written permission from the Chief Financial Officer or the Chief Financial Officer's designee. Designated Persons should not have outside employment or business interests that place them in the position of (i) appearing to represent the Company, (ii) providing goods or services substantially similar to those the Company provides or is considering providing or (iii) lessening their efficiency, productivity, or dedication to the Company in performing their everyday duties. Designated Persons may not have an interest in or speculate in anything of value which may be affected by the Company's business. Designated Persons may not divulge or use the Company's confidential information, such as financial data, customer information, and computer programs, for their own personal or business purposes.

Any personal or business activities by a Designated Person that may raise concerns along these lines must be disclosed to the Chief Financial Officer and approved in advance by the Audit Committee or otherwise in accordance with the Company's Policy with Respect to Related Person Transactions, attached hereto. All Designated Persons should read and become familiar with such policy to ensure compliance therewith.

### **13. Disclosures**

It is the Company's policy to make full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in all other public communications made by the Company. All Designated Persons are to abide by the Company's standards, policies and procedures designed to promote compliance with this policy.

### **14. Discrimination and Harassment**

Workplace discrimination and harassment are strictly prohibited. Those who violate this policy are subject to disciplinary action, up to and including possible termination of employment. An employee who believes that he or she or a fellow employee has been discriminated against, harassed or treated unfairly should immediately notify a supervisor or report such behavior in accordance with Section 1 above. Examples include derogatory comments based on racial or ethnic characteristics, any form of unsolicited, unwarranted and/or unwelcome verbal or physical abuse of another person, verbal or physical behavior that creates a hostile environment and unwelcome sexual advances.

### **15. Health and Safety**

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs and alcohol in the workplace will not be tolerated.

### **16. Environmental Compliance**

The Company endeavors to be an environmentally responsible corporate citizen and to operate its facilities in compliance with applicable environmental, health and safety regulations and in a manner that has the highest regard for the safety and well being of its employees and the

general public. Necessary permits, approvals and controls are maintained at all Company facilities.

Employees are responsible for complying with all applicable environmental laws and regulations and Company policies and for following diligently the proper procedures with respect to the handling and disposal of hazardous materials. The Company insists that its suppliers and contractors also follow appropriate environmental laws and guidelines. If you have any questions or concerns, please contact the Chief Financial Officer.

#### **17. Gifts, Meals and Entertainment**

The use of Company funds or assets for gifts, gratuities or other favors to government officials is prohibited, except to the extent such gifts, gratuities or other favors are in compliance with applicable law, insignificant in amount and not given in consideration or expectation of any action by the recipient. The use of Company funds or assets for gifts to any customer, supplier or other person doing or seeking to do business with the Company is prohibited, except to the extent such gifts are in compliance with the policies of both the Company and the recipient and are in compliance with applicable law.

Designated Persons must not accept, or permit any member of his or her immediate family to accept, any gifts, gratuities or other favors from any customer, supplier or other person doing or seeking to do business with the Company, other than items of insignificant value. Any gifts that are not of insignificant value should be returned immediately and reported to your supervisor. If immediate return is not practical, they should be given to the Company for charitable disposition or such other disposition as the Company, in its sole discretion, believes appropriate.

Common sense and moderation should prevail in business entertainment engaged in on behalf of the Company. Designated Persons should provide, or accept, business entertainment to or from anyone doing business with the Company only if the entertainment is infrequent, modest, intended to serve legitimate business goals and in compliance with applicable law.

Bribes and kickbacks are criminal acts, strictly prohibited by law. You must not offer, give, solicit or receive any form of bribe or kickback anywhere in the world. The Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business.

#### **18. Response to Media Inquiries**

In order to ensure that the Company complies with its obligations, employees receiving inquiries regarding the Company's activities, results, plans or position on public issues should refer the request to the Chief Financial Officer. Company employees may not speak publicly for the Company unless specifically authorized by senior management.

#### **19. Political Activities: Lobbying**

Political activities must be conducted on your own time and using your own resources. The law does not permit the Company to compensate or reimburse you for political contributions

which you have made or intend to make. This is a highly regulated and complex area. If you have any question or concerns, please contact the Chief Financial Officer.

No funds or assets of the Company may be used for political contributions without obtaining prior approval from the Chief Financial Officer. These prohibitions cover not only direct contributions, but also indirect assistance or support of candidates or political parties through the purchase of tickets to special dinners or other fund raising events, or the furnishing of any other Company goods or services to political parties or committees.

## **20. Government Investigations**

It is unlawful and a violation of Company policy and this Code to retaliate against any person for providing truthful information to any law enforcement officer relating to the commission of any offense. It is the Company's policy to cooperate fully with government investigations. A condition of such cooperation, however, is that the Company be represented by its own legal counsel. If you believe that a government investigation or inquiry is imminent, you should communicate this information immediately to the Chief Financial Officer.

Appropriate handling of government investigations is very important. Violations of any of the laws regulating the conduct of the Company's business, including worker and workplace safety, environmental, securities, government procurement, tax and financial laws can result in both civil and criminal penalties. Criminal penalties may also apply to those individuals within the Company who actually took the actions which violated the law or failed to take actions which resulted in a violation of the law. Therefore, you should never do any of the following:

- x destroy any Company documents in anticipation of, or after receiving, a request for those documents from any government agency or a court;
- x alter any Company documents or records in an attempt to defraud or mislead;
- x lie or make any misleading statements to any governmental investigator; or
- x attempt to get anyone else to engage in these prohibited activities.

## **21. Administration of the Code**

### **a. General**

All Designated Persons must comply with the Code. We reserve the right to monitor your continuing compliance with the provisions of the Code and to investigate any suspected violations. If substantiated, these violations could result in disciplinary action.

This code may be revised, changed or amended at any time by our Board of Directors. Following any material revisions or updates, an updated version of this Code will be distributed to you, will supersede the prior version of this Code, and will be promptly disclosed to stockholders and posted on the Company's website.

Any waiver of this Code for an executive officer or directors may only be made by the Board of Directors or the Audit Committee. Under certain circumstances, the law requires that

the Company disclose to stockholders the nature of such waiver, the name of the executive officer or director, as the case may be, and the relevant date of the waiver.

**b. Reporting of Suspected Violations**

Please refer to Section 1 above for instructions on reporting suspected violations of the Code. If you believe that you may be in violation of any of the provisions of the Code, you must contact the Chief Financial Officer or you may contact the Chairman of the Audit Committee.

For both criminal activity and other violations of the Code, failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report. If a reporting individual was involved in improper activities, the individual may be appropriately disciplined even if he or she was the one who disclosed the matter to the Company. In these circumstances, we may consider the conduct of the reporting individual in reporting the information as a mitigating factor in any disciplinary decision.

**c. Investigation of Suspected Violations**

Upon receipt of a report of a suspected violation, the Audit Committee will determine the nature of the complaint and handle it as follows:

1. Complaints relating to accounting, internal accounting controls or auditing matters will be addressed by the Audit Committee. The Audit Committee may delegate the investigation of complaints regarding accounting, internal accounting controls or auditing matters to the Chief Financial Officer, the Chief Executive Officer or such other persons as the Audit Committee determines to be appropriate, including but not limited to external legal counsel and external auditors. Delegation decisions will be made on a case-by-case basis, taking into consideration the nature and the significance of the complaint.
2. Complaints relating to any other matters will be reviewed by the Audit Committee, which may delegate the investigation of the complaint. The Chief Financial Officer will oversee any such investigation, unless otherwise determined by the Audit Committee.

The Audit Committee shall retain as a part of its records any such complaints or concerns for a period of no less than seven (7) years.

You are expected to cooperate in the investigation of reported violations.

Our Board of Directors has ultimate responsibility for final interpretation of the Code and for determining whether any violations of the Code have occurred.

**d. Important Disclaimers**

The Code reflects general principles to guide you in making ethical decisions. It cannot and is not intended to address every specific situation in which we may find it appropriate to take disciplinary action. The Code is not intended to create any contract (express or implied) with

you, including without limitation any employment contract, or to constitute any promise that your employment will be not terminated except for cause.

**DESIGNATED PERSON**

**CERTIFICATION AND AGREEMENT OF COMPLIANCE**

As a Designated Person under the Code of Business Conduct and Ethics (the “Code”) of Atossa Genetics, Inc. (the “Company”), I certify that I have read the Code and fully understand the obligations set forth in the Code.

The Code includes a statement of the Company’s policies, which are designed to ensure that the Company and Designated Persons conduct the Company’s business in compliance with all federal and state laws governing its operations and the conduct is consistent with the highest standards of business and professional ethics.

I understand that the Code obligates all Designated Persons to carry out their duties for the Company in accordance with these policies and with applicable laws. I further understand that any violation of these policies or applicable laws, or any deviation from appropriate ethical standards, will subject a Designated Person to disciplinary action. Indeed, I understand that even a failure to report such a violation or deviation may, by itself, subject a Designated Person to disciplinary action.

I am also aware that in the event that I have any question about whether an action complies with the Company’s policies or applicable law, I should present that question to my supervisor, or, if appropriate, directly to the Chairman of the Audit Committee.

With this understanding of my obligations, I agree to act in accordance with the policies set forth in the Code. Having read the Code, I am not currently aware of any matter that should be brought to the attention of the Company as a violation or suspected violation of this Code.

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**ATOSSA GENETICS, INC.**

**POLICY WITH RESPECT TO  
RELATED PERSON TRANSACTIONS**

**Overview**

Atossa Genetics, Inc. (the “Company”) recognizes that Related Person Transactions (as defined below) can present potential or actual conflicts of interest and create the appearance that decisions of the Company are based on considerations other than the best interests of the Company and its stockholders.



Accordingly, as a general matter, it is the Company's preference to avoid Related Person Transactions. Nevertheless, the Company recognizes that there are situations where Related Person Transactions may be in, or may not be inconsistent with, the best interests of the Company and its stockholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons (as defined below) on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

Pursuant to this Policy with respect to Related Person Transactions (the "Policy"), all Related Person Transactions will be reviewed, approved and/or ratified by the Board of Directors, acting through the Audit Committee (the "Committee"). The Policy has been approved by the Committee and the Committee will review and may amend the Policy from time to time.

### **Related Person Transactions**

For the purposes of the Policy, a "Related Person Transaction" is any transaction that is reportable by the Company under paragraph (a) of Item 404 of Regulation S-K in which the Company is or will be a participant and the amount involved exceeds \$120,000 and in which any Related Person has or will have a direct or indirect material interest. A "transaction" includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangement or relationships. The amount involved in any Related Person Transaction shall be determined in accordance with paragraph (a) of Item 404 of Regulation S-K.

For purposes of the Policy, a "Related Person" is any person described in paragraph (a) of Item 404 of Regulation S-K, including:

- (1) a director, nominee for director or executive officer of the Company;
- (2) a beneficial owner of five percent or more of any class of the Company's voting securities;  
and
- (3) a person who is an immediate family member of any such director, executive officer or five percent beneficial owner (the term "immediate family member" shall include any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and any person (other than a tenant or employee) sharing the household of any such director, executive officer or five percent beneficial owner).

### **Identification of Related Persons**

1. Directors, Executive Officers and Nominees. On an annual basis, each director and executive officer shall submit the following information: (a) a list of his or her immediate family members (as defined above); (b) for each person listed and, in the case of a director, the director, such person's employer and job title or brief job description; (c) for each person listed and each director and executive officer, each firm, corporation or other entity in which such person is a general partner or in a similar position, or in which such person has a 5% or greater beneficial ownership interest and (d) any

Related Person Transaction in which such Related Person has or will have a direct or indirect material interest and all material facts with respect thereto.

2. Five Percent Owners. At the time the Company becomes aware of a person's status as a beneficial owner of more than 5% of any class of the Company's voting securities, and annually thereafter for so long as such ownership status is maintained, the legal department shall request (a) if the person is an individual, the same information as is requested of directors and executive officers under this policy and (b) if the person is a firm, corporation or other entity, a list of the principals or executive officers of the firm, corporation or entity.

### **Approval Procedures**

Related Person Transactions that are identified as such prior to the consummation thereof or amendment thereto shall be consummated or amended only if the following steps are taken:

1. Prior to entering into the Related Person Transaction (a) the Related Person, (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person and/or (c) the business unit or function/department leader responsible for the potential Related Person Transaction shall provide notice to the Chief Financial Officer of the facts and circumstances of the proposed Related Person Transaction. The Chief Financial Officer will then assess whether the proposed transaction is a Related Person Transaction for purposes of this policy.
2. If the Chief Financial Officer determines that the proposed transaction is a Related Person Transaction, the proposed Related Person Transaction shall be submitted to the Committee for consideration at the next Committee meeting or, in those instances in which the Chief Financial Officer, in consultation with the Chief Executive Officer, determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, to the Chair of the Committee (who will possess delegated authority to act between Committee meetings).
3. The Committee, or where submitted to the Chair, the Chair, shall consider all of the relevant facts and circumstances available to the Committee or the Chair, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director has a position or relationship; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee or the Chair shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee or the Chair determines in good faith. The Committee or the Chair shall convey the decision to the Chief Financial Officer, who shall convey the decision to the appropriate persons within the Company.

4. If applicable, the Chair of the Committee shall report to the Committee at the next Committee meeting any approval under this policy pursuant to delegated authority.

### **Ratification Procedures**

In the event the Company's Chief Executive Officer or Chief Financial Officer becomes aware of a Related Person Transaction that has not been previously approved or previously ratified under this Policy:

1. If the transaction is pending or ongoing, it will be submitted to the Committee or the Chair of the Committee promptly, and the Committee or the Chair shall consider all of the relevant facts and circumstances available to the Committee or the Chair, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director has a position or relationship; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. Based on the conclusions reached, the Committee or the Chair shall evaluate all options, including but not limited to ratification, amendment or termination of the Related Person Transaction; and
2. If the transaction is completed, the Committee or the Chair shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction and/or any disciplinary action is appropriate, and shall request that the Chief Financial Officer evaluate the Company's controls and procedures to ascertain the reason the transaction was not submitted to the Committee or the Chair for prior approval and whether any changes to these procedures are recommended.

### **Disclosure**

All Related Person Transactions that are required to be disclosed in the Company's filings with the SEC, as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations. The Company shall identify any disclosed Related Person Transaction that was not reviewed, approved or ratified pursuant to this Policy.

The material features of this Policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.