



METALICO, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics (this “Code”) applies to all of the employees, officers and directors of Metalico, Inc. and all of its subsidiaries (Metalico and all of its subsidiaries collectively referred to in this Code as the “Company”). Any employee or officer who violates the letter or spirit of these policies is subject to disciplinary action, up to and including termination of employment.

Every employee, officer and director has the responsibility to obey the law and act honestly and ethically. To that end, this Code is a guide that is intended to sensitize employees, officers and directors to significant legal and ethical issues that arise frequently and to the mechanisms available to report illegal or unethical conduct. It is not, however, a comprehensive document that addresses every legal or ethical issue that an employee, officer or director may confront, nor is it a summary of all laws and policies that apply to the Company's business. Ultimately, no code of business conduct and ethics can replace the thoughtful behavior of an ethical employee, officer or director.

The Code is organized in these Sections:

- **Compliance with Laws, Rules and Regulations**
- **Equal-Opportunity Workplace**
- **Confidentiality**
- **Conflicts of Interest**
- **Protection and Proper Use of Corporate Assets**
- **Corporate Opportunities**
- **Gifts and Gratuities**
- **Honest and Ethical Conduct and Fair Dealing**
- **Accuracy of Books and Records and Public Reports**
- **Insider Trading**
- **Reporting and Compliance Procedures**
- **Dissemination and Amendment**

Please read this Code carefully and consider how the provisions relate to your daily business interactions. Each employee, officer and director should also read and be familiar with the portions of our other Company policies applicable to such employee, officer and director, none of which are a part of this Code.

Compliance with Laws, Rules and Regulations

All employees, officers and directors must comply fully with all applicable federal, state, local and foreign laws, rules and regulations that govern the Company's business activities and conduct, including, without limitation, employee health and safety laws, insider trading laws, antitrust laws, and any applicable trade restrictions, export

controls, or anti-boycott laws and regulations. You are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when you are uncertain about them.

All governmental inquiries or investigations must be referred to the Company's internal legal counsel. Contact information for the Company's internal legal counsel is included in the **Reporting and Compliance Procedures** section set out below. It is our policy to cooperate fully with any governmental or regulatory investigation, and all employees, officers and directors are expected to cooperate fully with any internal or external investigations as directed by their supervisors. Since the laws governing our activities are often complex, any questions that you may have regarding their applicability and interpretation should, after review with your supervisor, be referred to the Company's internal legal counsel.

Equal-Opportunity Workplace

The Company's commitment to a policy of equal-opportunity employment means that we will not tolerate discrimination or harassment of any employee based on race, color, religion, sex, sexual orientation, marital status, age, national origin, disability, veteran status or other factors that are unrelated to the conduct of the Company's business. Furthermore, the Company will not tolerate sexual advances, racial or religious slurs, actions, comments or any other conduct in the workplace that creates an intimidating or otherwise offensive or hostile environment. Everyone has a responsibility to ensure that the Company maintains an environment free of hostility. You should report to your supervisor or the Company's internal legal counsel any situations at work that you consider inconsistent with this policy. If you think you are the subject of prohibited discrimination or harassment, report it immediately.

Confidentiality

Confidential information includes proprietary information such as our trade secrets, business and marketing plans, sales information and forecasts, processing and fabricating ideas, designs, databases, records, salary information, and unpublished financial data and reports, as well as any other non-public information that might be of use to competitors or harmful to us or our suppliers or customers if disclosed. Employees, officers and directors must maintain the confidentiality of confidential information entrusted to them by the Company or other companies, including our suppliers and customers, except when disclosure is authorized by a supervisor or legally mandated.

Unauthorized disclosure of any confidential information is prohibited. Additionally, employees should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or to another company, is not communicated within the Company except to employees who have a need to know such information to perform their responsibilities for the Company. In the event you have executed a confidentiality agreement with the Company, such agreement

imposes specific obligations and restrictions on you and such obligations will govern to the extent they are, in any way, contrary to the terms of this Code.

Third parties may ask you for information concerning the Company. Employees, officers and directors (other than the Company's authorized spokespersons) must not discuss internal Company matters with, or disseminate internal Company information to, anyone outside the Company, except as required in the performance of their Company duties and after an appropriate confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning the Company from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. All responses to inquiries on behalf of the Company must be made only by the Company's authorized spokespersons. If you receive any inquiries of this nature, you must decline to comment and refer the inquirer to your supervisor or to one of the Company's authorized spokespersons.

You also must abide by any lawful obligations that you have to any former employer. These obligations may include restrictions on the use and disclosure of confidential information, restrictions on the solicitation of former colleagues to work at the Company and non-competition obligations.

Conflicts of Interest

Employees, officers and directors must act in the best interests of the Company. You must refrain from engaging in any activity or having a personal interest that presents a "conflict of interest." A conflict of interest occurs when your personal interest interferes or conflicts with, or appears to interfere or conflict with, the interests of the Company. A conflict of interest can arise whenever you, as an employee, officer, or director, take action or have an interest that prevents you from performing your Company duties and responsibilities honestly, objectively and effectively.

Some examples of potential conflicts of interest are:

- performing services as a consultant, employee, officer, director, advisor or in any other capacity for a supplier, customer, or competitor of the Company, other than services performed at the request of the Company;
- having a material financial interest, directly or indirectly, in a supplier, customer, or competitor of the Company;
- having or exercising control over a supplier, customer, or competitor of the Company;
- using the position of a Company employee, officer, or director to influence a transaction with a supplier or customer in which such person has any personal interest, other than a financial interest that is not material;

- accepting gifts from a supplier or customer seeking to do business with the Company (also discussed below in **Gifts and Gratuities**); and
- contracting with a company owned or managed by a family member or close friend.

It is difficult to identify exhaustively what constitutes a conflict of interest. For this reason, employees, officers and directors must avoid any situation in which their independent business judgment might appear to be compromised. Questions about potential conflicts of interest situations, and disclosure of these situations as they arise, should be addressed and reported to the Company's internal legal counsel. It is your responsibility to disclose any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest as provided in **Reporting and Compliance Procedures** below.

Protection and Proper Use of Corporate Assets

Employees, officers and directors should seek to protect the Company's assets and ensure their efficient use. Company assets include, without limitation, equipment, inventory, intellectual property such as the Company names, logos, trademarks, copyrights, confidential information, ideas, plans and strategies. Theft, carelessness and waste have a direct impact on the Company's financial performance. Employees, officers and directors must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else.

Corporate Opportunities

Employees, officers and directors are prohibited from: (a) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Gifts and Gratuities

From experience we all know that business gratuities and entertainment can be appropriate or inappropriate (even illegal), depending on the circumstances. For this reason it is critical that all employees, officers and directors be extremely sensitive when it comes to giving or accepting gifts, entertainment or favors in the business context. Moreover, all employees, officers and directors should anticipate situations in which such a gratuity might be offered and decide in advance what will be the appropriate conduct. Common sense and moderation should prevail in business entertainment engaged in on behalf of the Company. Employees, officers and directors should provide, or accept,

business entertainment to or from anyone doing business with the Company only if the entertainment is infrequent, modest and intended to serve legitimate business goals.

Regardless of the circumstances the following rules apply for gifts and gratuities:

- Money in any form is never given, offered, solicited or accepted.
- No gift, favor or entertainment is offered or given in the expectation of or in return for actions or failure to act on the part of the recipient.
- Similarly, no gift, favor or entertainment is solicited or accepted if offered in expectation of or in return for your action or failure to act in regard to the gift giver or his or her organization.
- Gifts, favors and entertainment that may be given or accepted under these rules must also be appropriate, reasonable and consistent with the prevailing cultural and industry practice.
- Employees are not to accept gifts, favors or entertainment exceeding the standards described immediately above from suppliers or customers of the Company unless approved by an executive officer.

In addition to the rules above, special rules apply to offers or actually giving anything of value to *government* employees, officials, their families or their political parties. If the official is barred by the rules of his or her government from accepting gifts, favors or entertainment, then none may be offered or given. If the government official may accept token items, then ordinary courtesies such as coffee or a pastry may be offered in the office and other unsolicited, non-monetary gifts may be offered if they meet these criteria:

- They are items of nominal intrinsic value (\$20 or less) and do not exceed \$50 in any one year.
- They are advertising or promotional materials, clearly marked with a company name or logo.

In those circumstances where there is no appearance of impropriety, employees may provide or accept conventional business meals with non-government employees if the meals are connected with the ongoing conduct of business and will be returned in kind.

Bribes and kickbacks are criminal acts, strictly prohibited by law. You must not offer, give, solicit or receive any form of bribe or kickback.

Honest and Ethical Conduct and Fair Dealing

We outperform our competition fairly and honestly based on, among other things, reliability, quality and price. Employees, officers and directors should endeavor to deal

honestly, ethically and fairly with the Company's suppliers, customers, competitors and employees. Statements regarding the Company's products and services must not be untrue, misleading, deceptive or fraudulent. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Accuracy of Books and Records and Public Reports

Employees, officers and directors must honestly and accurately report all business transactions. You are responsible for the accuracy of your records and reports. Accurate information is essential to the Company's ability to meet legal and regulatory obligations.

All Company books, records and accounts will be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. The financial statements of the Company will conform to generally accepted accounting rules and the Company's accounting policies. You are expected to comply fully with internal accounting and audit policies and procedures designed to protect the integrity of our corporate records and are also to cooperate with our internal financial and accounting personnel and internal and external auditors.

No undisclosed or unrecorded account or fund will be established for any purpose. No false or misleading entries will be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property will be made without adequate supporting documentation.

It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Securities and Exchange Commission and in other public communications.

Employees with concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal accounting controls or auditing matters may confidentially, and anonymously if they wish, submit such concerns or complaints in writing to your immediate supervisor, to the Company's internal legal counsel, or directly to any member of the Audit Committee of the Board of Directors as provided in **Reporting and Compliance Procedures** below.

Insider Trading

Employees, officers, directors, consultants and other representatives of the Company may have access to information that is unavailable to the public. This information may be considered "inside information" under applicable securities laws.

Federal securities laws prohibit the use of inside information to make personal investment decisions regarding our stock or the stock of companies we do business with, including our suppliers and customers. These laws also prohibit informing, or "tipping," anyone outside of the Company about such information. This prohibition includes

discussing any inside information with family or friends. Disclosure or use of such information is a violation of federal law and a violation of Company policy.

Insider trading laws also impose constraints on the ability of employees, officers and directors to sell their stock in the Company. The Company has issued or will shortly issue its Insider Trading Policy addressing these constraints. You should review it carefully before trading in the Company's stock and consult with the Company's internal legal counsel, or, if you are an executive officer or director, either the Company's internal legal counsel or the Audit Committee of the Board of Directors, before making any purchase or sale.

Reporting and Compliance Procedures

Any questions you may have on this Code or its administration should be referred to your immediate supervisor, to the Company's internal legal counsel, or, if you are an executive officer or director, either to the Company's internal legal counsel or to a member of the Audit Committee of the Board of Directors. Contact information is included in the **Reporting and Compliance Procedures** section set out below.

Any employee, officer or director who knows or believes that any other employee or representative of the Company has engaged or is engaging in Company-related conduct that violates applicable law or this Code should report such information to his or her supervisor or to the Company's internal legal counsel, or, if you are an executive officer or director, either to the Company's internal legal counsel or to the Audit Committee of the Board of Directors. You may report such conduct openly or anonymously without fear of retaliation. The Company will not discipline, discriminate against or retaliate against any employee who reports a complaint or concern, whether or not such information is ultimately proven to be correct, or who cooperates in any investigation or inquiry regarding such conduct, unless the employee is found to have knowingly and willfully made a false report.

Any supervisor who receives a report of a violation of this Code must promptly inform the Company's internal legal counsel. You are responsible for reporting any transaction or relationship in which you are involved which could potentially create a conflict of interest to the Company's internal legal counsel, or, if you are an executive officer or director, either to the Company's internal legal counsel or to the Audit Committee of the Board of Directors, who in either case will be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

You may report violations of this Code, on a confidential or anonymous basis, by contacting your immediate supervisor, the Company's internal legal counsel, or, if you are an executive officer or director, either to the Company's internal legal counsel or to the Audit Committee of the Board of Directors. You may deliver all communications to the Company's legal counsel to Arnold S. Graber, Executive Vice President and General Counsel, by fax (908-497-1097), mail (c/o Metalico, Inc., 186 North Avenue East, Cranford, NJ 07016) or e-mail (asgraber@metalico.com). While we prefer that you

identify yourself when reporting violations so that we may follow up with you, as necessary, for additional information, you may leave messages anonymously if you wish.

If Mr. Graber receives information regarding an alleged violation of this Code, he will, as appropriate, (a) evaluate such information, (b) if the alleged violation involves an executive officer or a director, inform the Chief Executive Officer and Board of Directors of the alleged violation, (c) determine whether it is necessary to conduct an informal inquiry or a formal investigation and, if so, initiate such inquiry or investigation and (d) report the results of any such inquiry or investigation, together with a recommendation as to disposition of the matter, to the Chief Executive Officer of Metalico for action, or if the alleged violation involves an executive officer or a director, report the results of any such inquiry or investigation to the Board of Directors or a committee thereof. All concerns and complaints about auditing and accounting matters will be forwarded to the Audit Committee of the Board of Directors unless they are determined to be without merit by the General Counsel and Chief Financial Officer of the Company. Employees, officers and directors are expected to cooperate fully with any inquiry or investigation by the Company regarding an alleged violation of this Code. Failure to cooperate with any such inquiry or investigation may result in disciplinary action, up to and including discharge for cause.

The Company will determine whether violations of this Code have occurred and, if so, will determine the disciplinary measures to be taken against any employee who has violated this Code. In the event that the alleged violation involves an executive officer or a director, the Chief Executive Officer and the Board of Directors, respectively, will determine whether a violation of this Code has occurred and, if so, will determine the disciplinary measures to be taken against such executive officer or director. The Audit Committee will evaluate the merits of any concerns or complaints received by it and authorize such follow-up actions, if any, as it deems necessary or appropriate to address the substance of the concern or complaint.

Failure to comply with the standards outlined in this Code will result in disciplinary action including, but not limited to, reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, discharge for cause and restitution. Certain violations of this Code may require the Company to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including discharge for cause.

Dissemination and Amendment

This Code will be distributed to each employee, officer and director of the Company. Each officer, director, and new employee will certify that he or she has received, read and understood the Code and has complied with its terms. Each officer and director will renew his or her certification annually.

The Company reserves the right to amend, alter or terminate this Code at any time for any reason.

This document is not an employment contract between the Company and any of its employees, officers or directors and does not alter the Company's at-will employment policy.

*Approved by Metalico, Inc. Board of Directors
March 16, 2005*

Certification

I, _____ do hereby certify that:
(Print Name Above)

1. I have received and carefully read the Code of Business Conduct and Ethics of Metalico, Inc.
2. I have had an opportunity to ask questions and seek clarification with respect to the Code of Business Conduct and Ethics.
3. I understand the Code of Business Conduct and Ethics.
4. I have complied and will continue to comply with the terms of the Code of Business Conduct and Ethics.

Date:

_____ (Signature)

EACH OFFICER, DIRECTOR AND NEW EMPLOYEE IS REQUIRED TO SIGN, DATE AND RETURN THIS CERTIFICATION TO THE METALICO LEGAL DEPARTMENT WITHIN 10 DAYS OF ISSUANCE. FAILURE TO DO SO MAY RESULT IN DISCIPLINARY ACTION.