

INSIDER TRADING DIRECTIVE

1. PURPOSE

Federal law prohibits the purchase or sale of securities by persons who possess material non-public information about a company as well as the disclosure of material nonpublic information about a company's securities. These transactions are commonly known as "insider trading."

Insider trading violations are vigorously pursued by the Securities and Exchange Commission and the United States Attorney as well as relevant state agencies. Federal securities law imposes sanctions, which may include criminal fines and jail sentences, on individuals who trade in violation of the law or "tip" inside information to others who trade, as well as on companies and other controlling persons if they fail to take reasonable steps to prevent insider trading by company personnel.

The Horne International, Inc. (Horne, or the Company) Board of Directors has adopted this Insider Trading Directive both to satisfy the Company's obligation to prevent insider trading and to help Company personnel avoid the consequences associated with violations of the insider trading law. This directive is also intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company. Violation of this directive may constitute grounds for disciplinary action or termination of employment with the Company.

Insider trading is a complex area of law, and there are many circumstances in which an individual may be legitimately unsure about the application of this policy. In these situations, a simple question may forestall disciplinary action or complex legal problems. Do not hesitate to direct any questions to the Corporate Compliance Officer for advice regarding interpretation and application of this policy.

2. DEFINITIONS

The following definitions apply to this directive:

- A. **Company:** Horne and its affiliates and subsidiaries, including but not limited to, Spectrum Sciences & Software, Inc., Coast Engine and Equipment Company, Inc., and Horne Engineering Services, LLC.
- B. **Insider:** Any person who possesses material nonpublic information.
- C. **Designated Insider:** Any individual who is an employee of Horne, a member of the Board of Directors of the Company, independent contractors and persons in a special relationship with the Company (such as auditors, consultants, and attorneys), and any other person named an insider by the Company.
- D. **Material Information:** In general, "material" information is any information that a reasonable investor would consider important in making a decision to purchase, hold or sell Company securities. Materiality depends upon the circumstances, and it is not possible to clearly define all categories of material information as it can be positive or negative and can relate to virtually any aspect of a company's business. Examples of material information include the following:
 - Major corporate partnering transactions or proposed acquisitions or divestitures;
 - Financial results that have not been disseminated to the public, including changes in estimates of earnings or sales;
 - Changes in management or control of the company;

- New project or product announcements of a significant nature;
 - Material pricing changes;
 - Proposed commencement or changes in dividends;
 - Planned stock splits;
 - New debt or equity offerings;
 - Significant litigation exposure;
 - Gain or loss of a substantial customer or supplier;
 - Financial liquidity problems;
 - Significant contracts and technology licenses;
 - Any factor that would cause the company’s financial results to be substantially different from analysts’ estimates.
- E. **Nonpublic Information:** Information that is not available to the general public. For information to be considered public, it must be widely disseminated by the Company in a manner making it generally available to investors through mainstream national media or in the Company’s annual or periodic reports filed with the SEC. The circulation of rumors, even if accurate and reported in the media, does not constitute public dissemination because effective public dissemination must come directly from the Company. Further, even after a public announcement of material information is made by the Company, two (2) full trading days following publication must elapse before the material information is deemed to be effectively publicly disseminated. If you have any questions regarding whether or not information is considered nonpublic, contact the Corporate Compliance Officer.
- F. **Related Persons:** The spouse, minor child or children, and anyone else living in the Insider’s household; partnerships in which the Insider or a Related Person is a general partner; trusts in which the Insider or a Related Person is a trustee; and estates of which the Insider or a Related Person is an executor. Although a parent or sibling is not specifically identified as a Related Person (unless he or she is a member of the insider’s household), a parent or sibling may be a “tippee” under securities laws.
- G. **Section 16 Individual:** An individual who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of any equity security (other than an exempted security) that is registered pursuant to Section 12 of the Securities Exchange Act of 1934 or who is a director or an officer of the issuer of the security. Section 16 Individuals should discuss all trading with the Corporate Compliance Officer because different rules apply to them
- H. **Short Swing Profits:** Profits earned within six (6) months in “opposite way” (i.e. purchase and sale or sale and purchase) transactions involving Company securities.
- I. **Securities:** Securities include common stock, preferred stock, options to purchase common stock warrants, convertible debentures, and derivative securities.
- J. **Qualified Trading Plan:** A written plan for trading securities that meets each of the following requirements:
- Either the plan was adopted by you outside of any Blackout Period and at a time when you were not otherwise in possession of material nonpublic information, or trading pursuant to the plan does not begin until a Blackout Period is not in effect and you are not otherwise in possession of material nonpublic information.

- The plan is in writing.
- You adhere strictly to the terms and conditions of the plan.
- The plan either expressly specifies purchases or sales of stock in the amounts, at the price, and on the dates at which you would trade the stock or provides a written formula or algorithm for determining the amounts, prices, and dates of purchases or sales.
- At the time it is adopted, the plan conforms to all other requirements of Rule 10b5-1(c)(1)(C) as currently adopted or amended by the Securities and Exchange Commission and any other restrictions applicable to your trading of stock.
- The plan has been reviewed by the Corporate Compliance Officer in advance of its adoption, and the plan has been determined by the Corporate Compliance Officer to meet the foregoing requirements.

3. APPLICABILITY

This Insider Trading Directive applies to all transactions involving Company securities by Insiders and their Related Persons

4. SPECIFICALLY PROHIBITED ACTIVITIES

4.1 Trading or Acting on Inside Information

If you are aware of material, nonpublic information relating to the Company, you shall not either directly or indirectly —

- A. Buy or sell securities of the Company, except as permitted under section 6 (Exceptions) of this directive, until at least two (2) full trading days have elapsed since the public dissemination of the material information known to you.
- B. Engage in any other action to take personal advantage of the material, nonpublic information you possess.
- C. Pass the material, nonpublic information on to any other person outside of the Company.

It does not matter that you may have decided to engage in a transaction before learning of the undisclosed material information or that delaying the transaction might result in economic loss. It is also irrelevant that publicly disclosed information about Horne might, even aside from the undisclosed material information, provide a substantial basis for engaging in the transaction. You may not trade in Horne stock while in possession of material nonpublic information about Horne except as specified in section 6 (Exceptions).

4.2 Tipping Information to Others

Insiders may be liable for communicating or tipping material, nonpublic information to any third party (tipee). You shall not communicate material, nonpublic information to any person outside of the Company. You should also be aware that any individual who is tipped by an insider possessing material nonpublic information, as well as any individual who trades in the Company's securities based on material nonpublic information that has been misappropriated, may be liable for insider trading.

4.3 Trading in Other Securities

No director, officer, or employee shall place purchase or sell orders or recommend that another person place a purchase or sell order in the securities of another corporation if the person learns of material nonpublic information about the other corporation in the course of his or her duties or employment with the Company. In addition, you shall not disclose confidential, nonpublic information of other companies to any other person not specifically authorized to receive the information.

4.4 Short Sales

Directors, officers, employees, and other Insiders and their Related Persons shall not engage in any short sale of Horne securities. Directors, officers, employees, and other Insiders and their Related Persons also shall not trade in options, warrants, puts, calls, or similar instruments on Company securities.

4.5 Short Swing Trading by Section 16 Individuals

Section 16 Individuals will be liable to return to the Company any profits they receive as the result of the purchase and sale or the sale and purchase of Company securities if both transactions occur within a six (6) month period. The liability does not depend on whether you have inside information when you make any of the aforesaid transactions. It also does not depend on whether the transactions are in the public market or are private. The liability is strictly tied to the timing of the transaction. Any profits obtained by the prohibited activity must be remitted to the Company not later than five (5) days after the prohibited transaction.

4.6 Trading During a Blackout Period

Directors, officers, employees, and other Insiders and their Related Persons shall not engage in any transactions involving Company securities during a “Blackout Period” as designated by the Company, except for transactions that are specified in section 6 (Exceptions).

4.6.1 Quarterly Blackout Periods

The Company’s financial information is important to the capital markets, and some of the information that employees deal with on a regular basis provides information not available to these markets. This is especially true at quarter and year ends regarding the financial performance of the Company. Accordingly, the Company has established “Blackout Periods” when Insiders and Related Persons or affiliates of the Company may not buy or sell the Company’s stock except as specified in section 6 (Exceptions).

The “Blackout Periods” shall begin on the 16th day of March, June, September, and December and continue until two business days after the Company’s release of earnings for the fiscal period ending after the Blackout Period commenced. The Company anticipates the open trading window will be approximately four to five weeks long each quarter, with the exception of the first quarter, when the open trading window will be approximately two to three weeks long. The Company may, from time to time, also announce special “Blackout Periods” that are in addition to those associated with quarterly and annual financial reporting.

4.6.2 Event-Specific Blackout Periods

From time to time an event may occur that is material to the Company and is known by only a few individuals inside the Company. If you are one of those individuals or if it would appear to an outsider that you were likely to have had access to information about the event, then you will not be allowed to buy or sell or in any way trade in the Company’s securities so long as the event remains material and nonpublic.

In addition, the Company may on occasion issue interim earnings guidance or other potentially material information by means of a press release, SEC filing on Form 8K, or other means designed to achieve widespread dissemination of the information. The Company, through the Corporate Compliance Officer, has the authority to impose restrictions on trading in Horne securities when the Company is assembling and releasing such information. In such event, the Corporate Compliance Officer shall notify the affected individuals of the restrictions.

5. PRE-CLEARANCE REQUIREMENT

Before engaging or allowing a Related Person to engage in any transaction involving the Company's securities, including but not limited to a stock plan transaction such as an option exercise, gift, loan or pledge or hedge, contribution to a trust or any other transfer, an Insider shall first obtain pre-clearance of the transaction from the Corporate Compliance Officer except as noted in section 6, (Exceptions). A request for pre-clearance shall be submitted to the Corporate Compliance Officer in writing at least five (5) days in advance of the proposed transaction. If you have obtained pre-clearance for a trade pursuant to this section but have not completed the transaction within five (5) days of the date the pre-clearance was given by the Corporate Compliance Officer then you are required to once again request pre-clearance of the transaction from the Corporate Compliance Officer. The Corporate Compliance Officer is under no obligation to approve a trade submitted for pre-clearance and may determine not to permit the trade and shall have no liability for any refusal to permit a trade or for any delay in making or communicating a decision.

6. EXCEPTIONS

None of the following activities are prohibited by this directive:

- A. The exercise of stock options granted to you by Horne. However, sales of the shares of common stock acquired pursuant to a stock option exercise are still restricted by the foregoing policies.
- B. Trades made pursuant to a Qualified Trading Plan.
- C. Bona fide gifts of Horne securities. Whether a gift is truly bona fide will depend on the circumstances surrounding each gift. The more unrelated the donee is to the donor, the more likely the gift would be considered bona fide and not a sale. For example, gifts to charities, churches, and service organizations would clearly not be sales. On the other hand, gifts to dependent children followed by a sale of the gift securities in close proximity to the time of the gift may imply some economic benefit to the donor and therefore make the gift non-bona fide.
- D. Any transaction specifically approved in writing by the Corporate Compliance Officer.

7. Corporate Compliance Officer:

If you have a question or comment pertaining to this Insider Trading Directive or any related matter and/or its application to any proposed transaction you may obtain additional information from the Corporate Compliance Officer. Contact information for the Corporate Compliance Officer can be found on the Horne Web site at www.Horne.com or by calling the Company at (703)564-2967.

8. Certification

All Directors, officers, and other employees of the Company subject to this Insider Trading Directive shall certify their understanding of and intent to comply with all provisions of the Company's Insider Trading Directive.