

ARRHYTHMIA RESEARCH TECHNOLOGY, INC.

CODE OF CONDUCT AND ETHICS

Arrhythmia Research Technology, Inc. (the “Company”) is committed to conducting the Company’s business in accordance with all applicable federal, state and local laws, honestly in our business dealings, prudent use of our assets and resources, sound growth and achievement of business objectives and fair treatment of our employees. We are committed to achieving and maintaining the highest level of integrity and ethics in our dealings with our employees, customers, suppliers, shareholders and the public. For the purposes of these business and ethical conduct standards (“Standards”), the Company considers its executive officers (including but not limited to the Company’s Chief Executive Officer, Chief Financial Officer, and Controller, or persons performing similar functions), directors, employees, agents and consultants to be “Employees” and each an “Employee.”

A. STANDARDS OF CONDUCT

As Employees we are responsible for fully implementing the business practices and corporate policies of the Company. These Standards are presented to govern the conduct of all our Employees and is intended to supplement the Professionalism and Code of Conduct requirements as set forth in our employee manual. In general, each Employee shall be held to these general standards:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files, or submits to, the Securities and Exchange Commission (“SEC”) or other governmental regulators and in other public communications made by the Company;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of this Code to an appropriate person or persons identified herein; and
- accountability for adherence to this Code.

1. Compliance with Laws.

All Employees shall comply with the laws of the United States, the states in which we conduct business and each political subdivision of those states, including but not limited to laws regarding workplace health and safety, the environment, international commerce and corporate governance.

2. Honest and Ethical Conduct

Each Employee shall adhere to honest standards and practices in all business dealings. An Employee shall act ethically and fairly when dealing with customers, suppliers and other Employees.

3. Conflicts of Interest.

Employees shall be free from any personal influence, interest, or relationship, or appearance thereof, in situations that might conflict with the best interests of the Company. Employees should be particularly sensitive to possible conflicts with suppliers, brokers or any vendors which could arise from engaging in business dealings with, or accepting gifts or compensation from, others. Each Employee should avoid any relationship, influence or activity that might impair, or have the appearance of impairing, his or her ability to make objective and fair decisions when performing his/her job.

4. Financial Interests.

An Employee or a member of his or her immediate family may not have a substantial financial interest in an organization that has current or prospective dealings with the Company as a supplier, contractor or customer, or competes directly with the Company when the Employee may be able to influence the dealings of the Company to benefit the Employee’s private interests. If you have concerns regarding compliance with this provision, please report the matter to your immediate supervisor as soon as possible.

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An Employee shall not loan money to any individual or entity to promote the business of the Company without the express written permission of the Chief Executive Officer or the Chairman of the Audit Committee. An Employee (or member of his immediate family) may not borrow money from individuals or organizations that conduct business with the Company as a customer or supplier.

5. Confidential or Sensitive Information.

Management of our Company must be advised of any matters which might be considered sensitive. Each Employee has a duty to ensure that proprietary information relating to the Company or any entity or person with which the Company does business is not disclosed to anyone without proper authorization. Every Employee has a duty to keep proprietary documents protected and secure, particularly when dealing with suppliers, customers and competitors.

6. Disclosure.

Each Employee must provide full, fair, accurate and understandable disclosures in all Company reports and documents submitted to any governmental authority or to other persons outside or within the Company. Disclosure shall be promptly made to Company management of any circumstance that may create a conflict of interest so that an appropriate determination can be made as to whether such conduct violates this Code.

7. Acceptance of Gifts or Entertainment.

An Employee shall not accept any gifts or entertainment, nor permit an immediate family member from doing so, from any organization having current or prospective dealings with the Company as a supplier, contractor or customer, except when such gifts or entertainment are of such insignificance that acceptance would not prevent the Employee from acting solely in the best interests of the Company. The Company has determined that insignificant value is less than \$150.

Under no circumstances shall any gifts, payments or rendering of service or any other form of value be directly or indirectly given by an Employee (or by an immediate family member) to any person, including but not limited to public officials, employees of customers, or employees of suppliers to influence such person's exercise of judgment and discretion to assist the Company in obtaining or retaining business contracts.

8. Protection and Use of Company Assets.

Under no circumstances shall an Employee misappropriate or otherwise use Company assets other than for legitimate Company business purposes. No Employee may use information gained in the course of performing his or her duties to take personal advantage of any Company business opportunity without first obtaining the consent of the Company.

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B. MONITORING, REPORTING AND ACCOUNTABILITY

1. Management Responsibility.

Department managers shall be responsible for monitoring compliance with this Code in the areas under their supervision.

2. Reporting.

Anyone who is aware of any possible violations of this Code must promptly report the non-compliance to their supervisor and the Chairman of the Audit Committee. The Company will, to the fullest extent possible without contravening any law, regulation or statute, hold confidential the name of any Employee reporting any event or conduct which he or she believes, in good faith, may raise concern that any policy described in this Code may not have been observed. In some circumstances, however, the Company may be required to furnish such information to law enforcement or governmental officials and counsel in order to address issues raised by such reports.

3. Investigation and Enforcement.

The Company will follow these procedures in investigating and enforcing this Code or any supplements hereto:

- the Chairman of the Audit Committee will take all appropriate action to investigate any violations and potential violations reported to him;
- violations will be reported to the Board after such investigation;
- if the Board determines that a violation has occurred, it will consider appropriate action, which may, without limitation, include review of, and appropriate modifications to, applicable policies and procedures; notification to appropriate personnel; or recommendation of the reprimand or dismissal of the Employee in question;
- the Board will be responsible for granting waivers, as appropriate; and
- any changes to or waivers of this Code will, to the extent required, be disclosed as provided by applicable law or regulation.

4. Annual Questionnaires.

The Company shall prepare and distribute a questionnaire annually to each of our Finance Personnel and supervisory employees requesting each Employee shall certify as to his or her knowledge of circumstances, including actions taken, during the preceding fiscal year that had a bearing on this Code. Copies of completed questionnaires will not be retained in personnel files.

5. Amendments.

This Code, any supplement, or any provision contained in the Code or supplement, may be amended or repealed by the Board, provided any such amendment is done in writing and is specifically approved or ratified by the Board.

6. Acknowledgment

We will expect every Employee, after he or she has read this Code of Conduct and Ethics, to execute an acknowledgment form affirming his or her knowledge and understanding of this Code of Conduct and Ethics and affirming his or her responsibility as an Employee to promptly notify his/her immediate supervisor if he or she has any questions or concerns regarding conduct that may raise concern that any of these policies have not been observed.

7. Internal Use

This Code is intended solely for internal use by the Company. It is not intended to and does not create any rights in any employee, investor, supplier, competitor, shareholder or any other person.

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