

Business Conduct

Business Conduct & Ethics

GENERAL POLICY

Hanger Orthopedic Group, Inc. (the "Company") recognizes that organizations with the highest integrity are the most respected and produce the best results. Therefore, this Code of Business Conduct and Ethics for Directors and Employees has been developed and approved by the Board of Directors of the Company to provide guidance for all Directors and Employees (including executive officers) of Hanger Orthopedic Group, Inc. and its subsidiaries. All Company employees are expected to maintain high ethical standards of conduct and to comply fully with applicable laws and governmental regulations.

While this Code deals with major areas of concern, it cannot cover every situation that may arise. Employees and Directors are expected to exercise their own best judgment and discretion within the parameters of this Code, keeping in mind the high standards to which the Company is committed. Day-to-day observance of this Code will create an attractive, healthy working environment for all Employees consistent with the Company's core values, and further project a positive image of the Company to individuals and organizations with which the Company does business, including our patients, referral sources, suppliers, business associates and partners, and the public at large.

All Employees and Directors are provided with a copy of this Code and should read, understand and comply with this Code in all of the Company's operations. Each Employee and Director may be required, from time to time, to affirm his or her agreement to adhere to the standards set forth in the Code by signing a statement of compliance.

The Corporate Governance and Nominating Committee of the Company's Board of Directors is responsible for updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the Company, the business practices within the Company's industry, the Company's own business practices, and the prevailing ethical standards of the communities in which the Company operates.

This Code is not an employment contract. By issuing this Code, the Company has not created any contractual rights.

References to the "Company" mean Hanger Orthopedic Group, Inc. and/or any of its subsidiaries; "Employees" means all employees of the Company at any level, including, without limitation, the Chief Executive Officer, the Chief Operating Officer, senior financial and accounting officers (e.g., the Chief Financial Officer, Treasurer, Controller and other Employees performing similar functions) and all other officers of the Company and its subsidiaries; and "Director" means a director of the Company; "Responsible Manager" means the top manager at the location where the Employee performs his or her duties; "Counsel" means the person or

law firm serving as the corporate counsel to the Company.

COMPLIANCE WITH LAWS AND REGULATIONS GENERALLY

The Company insists that all of its businesses be conducted in compliance in all material respects with all applicable laws and regulations. Any illegal action that becomes known to management will be dealt with swiftly and violations will be reported to the proper authorities. If an Employee or a Director has any questions on specific laws, regulations or other legal issues, he or she should contact the appropriate officer or Counsel for guidance.

CONFLICTS OF INTEREST

Employees and Directors are expected to refrain from being placed in a position that could produce a conflict of interest, whether real or perceived, between the individual's self-interest and the interest of the Company. As a result, Employees and Directors are prohibited from taking personal advantage of certain business opportunities in which the Company may be interested. If an Employee or Director has any question regarding whether these guidelines apply to any potential business opportunity, he or she should consult with the Company's Director of Internal Audit or a member of the Corporate Governance and Nominating Committee.

Examples of potential conflicts of interest may include but are not limited to the following:

- Being a consultant to, or a director, officer or employee of, or otherwise operating an outside business:
 - that markets products or services in competition with the Company's current or potential products and services;
 - that supplies products or services to the Company;or
 - that purchases products or services from the Company.
- Having any financial interest, including stock ownership, in any such outside business that might create or give the appearance of a conflict of interest.
- Seeking or accepting any personal loan or services from any such outside business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses.
- Being a consultant to, or a director, officer or employee of, or otherwise operating an outside business if the demands of the outside business would interfere with the Director's or Employee's responsibilities with the Company.
- Using the Company's property, information or

position for personal gain.

Actual or potential conflicts of interest (including but not limited to any material transaction or relationship that reasonably could be expected to give rise to a conflicting interest) must be reported to the Responsible Manager or the Company's Director of Internal Audit. Under special circumstances, the Vice President of Human Resources may approve exceptions to these guidelines for Employees who are not executive officers. Approval of potential conflicts involving Employees who are executive officers or Directors will be made exclusively by the Corporate Governance and Nominating Committee of the Board of Directors.

GIFTS AND GRATUITIES

Employees and Directors must never make improper gifts or payments, such as bribes or kickbacks, in any way in connection with the Company's business, including inducements to influence government officials. The term "government official" includes employees and other representatives of any government office or agency (including foreign governments), candidates for political office, political parties and employees and other representatives of public international organizations. "Inducements" or "benefits" are broadly defined to include anything of material value.

Significant gifts or payments to or for the personal benefit of an employee of one of the Company's customers, suppliers or referral sources are clearly improper. Indirect transactions, such as payments of commissions to a sales representative on the understanding that he or she will pay a bribe or kickback to an employee of a customer, are also prohibited.

Employees and Directors should not accept significant gifts, entertainment, favors or other gratuities from persons doing business or seeking to do business with the Company. Acceptance of gratuities having only nominal value, if consistent with local business custom and practice, is permissible. Except as explicitly permitted by local Company policies, no Employee should give or receive gifts of cash.

ACCOUNTING PRACTICES/PUBLIC REPORTING

The Company's principal executive, financial and accounting officers should seek to assure that full, fair, accurate, timely and understandable disclosure is contained in the Company's filings with the Securities and Exchange Commission and other public communications. Employees and Directors must comply with the Company's accounting policies and controls, and cooperate fully with the Company's internal and external auditors. All funds, assets, transactions and payments must be accurately reflected and no false or misleading entries may be made on corporate records.

COMPLIANCE WITH SECURITIES LAWS

Employees or Directors who are aware of material information regarding the Company which has not been disclosed to the public (i.e., facts which may affect the

market price for the Company's securities and investors' decisions to buy or sell the Company's securities) must hold that information in strictest confidence and refrain from buying or selling Company securities until such information has been publicly disclosed by the Company and enough time has elapsed to allow investors to react to the information. In addition, no Employee or Director may give "tips" to anyone, whether inside or outside of the Company, that would influence the decision to buy or sell Company securities based on material nonpublic information.

Directors and executive officers who have regular access to sensitive nonpublic information should not trade in Company securities where the risk of the appearance of impropriety is high. Therefore, any transaction in Company securities by a Director or executive officer must be precleared with Counsel prior to the transaction. Any other Employee who has questions concerning the propriety of buying or selling Company securities should address questions to the Company's Counsel before executing the trade.

Prohibitions on trading in securities based on nonpublic information also extend to securities of the Company's competitors and business associates. Accordingly, Employees and Directors should not buy or sell securities in another company about which the individual knows the Company has material nonpublic information or which might create a potential conflict of interest.

COMPANY INFORMATION AND COMPANY PROPERTY

Employees may only use Company information and Company property to the extent needed to perform their jobs properly. Company information encompasses all proprietary information that is not generally available to or known by the public, and it includes information in any format: written, electronic, visual or oral. It also may include information that the Company develops, purchases or licenses, and information the Company receives from others, including its customers.

Accordingly, Employees cannot, directly or indirectly:

- Disclose any Company information to others, including other Employees, unless they have a legitimate need to know it to perform their jobs and, if they are not Employees of the Company, have agreed to maintain its confidentiality;
- Use Company information for any purpose other than its intended use;
- Copy any documents containing Company information, or remove any documents or other records or copies from the work area, except as required to perform their jobs properly; or
- Dispose of Company information inappropriately.

All Company documents, email and other materials containing Company information (and all materials prepared from those documents) are the Company's property. If the Company so requests, or when an Employee's employment ends, such documents and other materials must be returned

to the Company.

Company property includes physical plants, equipment, computers, software, inventory, corporate funds and office supplies. Company property also includes the following: technologies, concepts, intellectual property, product development strategies and projects, business strategies and plans, customer lists, employee data, marketing and sales plans,

Company phone directories, organization charts, product cost data, product pricing, financial data and all other proprietary information about the Company's business and Employees.

Use of Company property for personal benefit is prohibited. When an Employee uses Company property, it must be for valid corporate purposes and, except as described below, exclusively for the Company's benefit.

All of the Company's information systems, including communications systems, magnetic media, email, voice mail, and Intranet, Extranet and Internet access systems are the Company's property and generally must be used only for business activities. Incidental personal use is permissible as long as it does not consume more than a trivial amount of resources, does not interfere with productivity, does not preempt any business activity, is otherwise appropriate and reasonable and is consistent with the Company's business values and this Code. Employees or others with authorized access should have no expectation of privacy with respect to their use of any Company resources. The Company reserves the right at any time to access, read, monitor, inspect and disclose the contents of, postings to and downloads from all of the Company's information systems.

No one may use the Company's information systems at work to access, view, post, print, store, transmit, download, display or distribute any offensive messages, pornographic or sexually explicit, profane, obscene, derogatory, or harassing pictures or text, or any other similarly offensive or inappropriate materials. Additionally, no Employee may use these systems to send Company information or copyrighted documents that are not authorized for transmittal or reproduction.

ACCURACY, RETENTION AND DISPOSAL OF RECORDS

Each Employee is responsible for maintaining accurate and reasonably detailed documents, reports and other records. No one may falsify or improperly alter any information contained in the Company's records.

It is the responsibility of each Employee to ensure that records are retained in compliance with applicable document retention policies established from time to time by the Company in compliance with applicable laws. Documents that need not be kept should be disposed of in compliance with Company policies. Where litigation or a government investigation is likely or ongoing, records may not be destroyed until Counsel advises that the matter has been concluded.

GOVERNMENTAL INVESTIGATIONS

Employees who receive notice of any governmental investigation involving the Company or any request to testify in a legal proceeding with regard to the Company should promptly notify their Responsible Manager and the appropriate executive officer. The appropriate executive officer will respond appropriately, with the advice of legal counsel.

REPORTING VIOLATIONS AND ENSURING COMPLIANCE

Except as otherwise explicitly provided in this Code, if any Employee believes that this Code has been violated or the Company has or is about to violate a law or regulation, or an Employee believes that he or she is being asked to violate this Code or a law or regulation in the performance of duties for the Company, the matter should be promptly reported to the Employee's supervisor or Responsible Manager. If for any reason the Employee is uncomfortable reporting such matter to his or her supervisor or the Responsible Manager, then the matter should be promptly reported to either the Vice President of Compliance, the Director of Internal Audit or the Vice President of Human Resources who will respond as promptly and discreetly as practicable with an appropriate investigation. Employees may also report any perceived violations of this policy via the Company's confidential Employee Compliance Hotline at 1-800-334-2906.

Except as otherwise explicitly provided in this Code, if any Director believes that this Code has been violated or the Company has or is about to violate a law or regulation, or a Director believes that he or she is being asked to violate this Code or a law or regulation in the performance of duties for the Company, the matter should be promptly reported to the Chairperson of the Audit Committee.

Every Employee and Director shall cooperate in assuring that any violation of this Code is brought to the attention of the appropriate person. The Company will take appropriate steps to maintain the confidentiality of the reporting Employee's or Director's identity, to the extent that it can do so consistent with the Company's obligations to investigate and remedy the matter and, if appropriate, to report the matter to government officials. Employees may report violations of this Code on an anonymous basis.

No retribution will be taken against an Employee or Director for reporting, in good faith, a violation or suspected violation, and any supervisor intimidating or imposing sanctions on any Employee or Director for reporting a matter in good faith will be disciplined.

The Corporate Governance and Nominating Committee of the Company's Board of Directors is responsible for overseeing the interpretation and enforcement of this Code. Only the Corporate Governance and Nominating Committee may waive provisions of this Code with respect to Directors and executive officers of the Company and only the Corporate Governance and Nominating Committee may change any provision of this Code. All waivers of this Code for Directors

and executive officers, or changes to this Code, must be publicly disclosed (to the extent required) in a manner that complies with the requirements of the Securities and Exchange Commission, the listing standards of the New York Stock Exchange and other applicable laws.

An Employee or Director found to have violated this Code will be subject to appropriate disciplinary action, up to and including termination.