

ASV, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics summarizes the legal, ethical and regulatory standards that ASV must follow. Compliance with this Code and high standards of business conduct is mandatory for every ASV director and employee.

INTRODUCTION

To help our directors, officers and employees understand what is expected of them and to carry out their responsibilities, we have created this Code of Business Conduct and Ethics. *Additionally, we have created a new position of Company Ethics Officer to oversee adherence to the Code.*

This Code is not intended to be a comprehensive guide to all of our policies or to all your responsibilities under law or regulation. It provides general parameters to help you resolve the ethical and legal issues you encounter in conducting our business. If you have any questions about anything in the Code or appropriate actions in light of the Code, you may contact the Ethics Officer or the Chair of the Audit Committee.

We expect each of our directors, officers and employees to read and become familiar with the ethical standards described in this Code and to affirm your agreement to adhere to these standards by signing the Compliance Certificate that appears at the end of this Code. Violations of the law, our corporate policies, or this Code may lead to disciplinary action, including dismissal.

I. We Insist on Honest and Ethical Conduct By All of Our Directors, Officers, Employees and Other Representatives

We place the highest value on the integrity of our directors, our officers and our employees and demand this level of integrity in all our dealings. We insist on not only ethical dealings with others, but on the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Fair Dealing

Directors, officers and employees are required to deal honestly and fairly with our customers, suppliers, competitors and other third parties. In our dealings with customers and suppliers, we:

- prohibit bribes, kickbacks or any other form of improper payment, direct or indirect, to any representative of government, labor union, customer or supplier in order to obtain a contract, some other commercial benefit or government action;

- prohibit our directors, officers and employees from accepting any bribe, kickback or improper payment from anyone;
- prohibit gifts or favors to or from our customers or suppliers that go beyond those that are customary and consistent with ethical and accepted business practices;
- limit marketing and client entertainment expenditures to those that are job-related and consistent with our policies;
- require straight-forward communication in our contracts, our advertising, our literature and our other public statements;
- protect all proprietary data our customers or suppliers provide to us as reflected in our agreements with them;
- prohibit our representatives from otherwise taking unfair advantage of our customers or suppliers, or other third parties, through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.

Conflicts of Interest; Corporate Opportunities

All directors, officers and employees should act in the best interests of ASV and refrain from any conduct that would be detrimental to the interests of ASV. Officer, directors and employees should ensure that they do not act on behalf of ASV in situations where there exists a personal, financial or other conflict of interest. In particular, without the approval of the Ethics Officer, the Audit Committee or the Board of Directors, no director, officer or employee shall:

- be a consultant to, or a director, officer or employee of, or otherwise operate an outside business that:
 - markets products or services in competition with our current or potential products and services;
 - supplies significant products or services to ASV;
 - purchases significant products or services from ASV; or
 - has any material financial interest, including significant stock ownership, in any entity with which we do business that might create or give the appearance of a conflict of interest;
- seek or accept any personal loan or services from any entity with which we do 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;
- be a consultant to, or a director, officer or employee of, or otherwise operate an outside business if the demands of the outside business would interfere with the

director's, officer's or employee's responsibilities to us, (if in doubt, consult your supervisor or the Ethics Officer); or

- accept any personal loan or guarantee of obligations from ASV, except to the extent such arrangements are legally permissible.

Directors, officers, and employees must notify the Ethics Officer, the Board of Directors or the Chair of our Audit Committee of the existence of any actual or potential conflict of interest.

Confidentiality and Corporate Assets

Our directors, officers and employees are entrusted with our confidential information and with the confidential information of our suppliers, customers or other business partners. This information may include (1) technical or scientific information about current and future products, services or research, (2) business or marketing plans or projections, (3) earnings and other internal financial data, (4) personnel information, (5) supply and customer lists and (6) other non-public information that, if disclosed, might be of use to our competitors, or harmful to our suppliers, customers or other business partners. This information is our property, or the property of our suppliers, customers or business partners and in many cases was developed at great expense. Our directors, officers and employees shall:

- use confidential information only for our legitimate business purposes and not for personal gain;
- not disclose confidential information to third parties and take reasonable measures to prevent such information from being inadvertently disclosed; or
- not use ASV property or resources for any personal benefit or the personal benefit of anyone else other than such limited reasonable personal use of property such as telephones, voicemail, computers, internet and email as may be permitted under ASV's policies. ASV's computers, internet, email and voicemail services may be monitored by ASV at any time without notice.

II. We Provide Full, Fair, Accurate, Timely and Understandable Disclosure

We are committed to providing our shareholders and investors with full, fair, accurate, timely and understandable disclosure in the reports that we file with the Securities and Exchange Commission and other public disclosures. To this end, our directors, officers and employees shall:

- not make false or misleading entries in our books and records for any reason;
- not condone any undisclosed or unrecorded bank accounts or assets established for any purpose;
- comply with generally accepted accounting principles at all times;
- notify our Chief Financial Officer if there is an unreported transaction;

- maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;
- maintain books and records that accurately and fairly reflect our transactions;
- prohibit the establishment of any undisclosed or unrecorded funds or assets;
- maintain a system of internal controls that will provide reasonable assurances to our management that material information about ASV is made known to management, particularly during the periods in which our periodic reports are being prepared;
- present information in a clear and understandable manner; and
- not communicate to the public any material nonpublic information except through our Chief Financial Officer or Chief Executive Officer.

III. We Comply With all Laws, Rules and Regulations

We will comply with all laws and governmental regulations that are applicable to our activities, and expect all our directors, officers and employees to obey the law. Specifically, we are committed to:

- maintaining a safe and healthy work environment;
- promoting a workplace that is free from discrimination or harassment based on race, color, religion, sex, age, national origin, disability or other factors that are unrelated to the Company's business interests;
- supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- conducting our activities in full compliance with all applicable environmental laws;
- keeping the political activities of our directors, officers and employees separate from our business;
- prohibiting any illegal payments, gifts, or gratuities to any government officials or political party;
- prohibiting the unauthorized use, reproduction, or distribution of any third party's trade secrets, copyrighted information or confidential information; and
- complying with all applicable state and federal securities laws.

Our directors, officers and employees are prohibited from trading our securities while in possession of material, nonpublic (“inside”) information about ASV. Our Insider Trading Policies describe the nature of inside information and the related restrictions on trading.

REPORTING AND EFFECT OF VIOLATIONS

Compliance with this Code is the individual responsibility of every director, officer and employee. We attempt to foster a work environment in which ethical issues and concerns may be raised and discussed with supervisors or with others without the fear of retribution. It is our responsibility to provide a system of reporting and access when you wish to report a suspected violation, or to seek counseling, and the normal chain of command cannot, for whatever reason, be used.

Administration

Our Board of Directors and Audit Committee have established the standards of business conduct contained in this Code and oversee compliance with this Code. To ensure familiarity with the Code, directors, officers, and employees will be asked to read the Code and sign a Compliance Certificate.

Reporting Violations and Questions

Directors, officers, and employees must report, in person or in writing, any known or suspected violations of laws, governmental regulations or this Code to either the Ethics Officer or the Chair of the Audit Committee. Additionally, directors, officers, and employees may contact the Ethics Officer or the Chair of the Audit Committee with a question or concern about this Code or a business practice. Any questions or violation reports will be addressed immediately and seriously, and can be made anonymously. If you feel uncomfortable reporting suspected violations to these individuals, you may report matters to Dorsey & Whitney, our outside counsel. The address and telephone number of these individuals are listed in the attachment to this Code.

We will not allow any retaliation against a director, officer or employee who acts in good faith in reporting any violation.

Our Ethics Officer will investigate any reported violations and will determine an appropriate response, including corrective action and preventative measures, involving the Chair of the Audit Committee or Chief Executive Officer when required. All reports will be treated confidentially to every extent possible.

Consequences of a Violation.

Directors, officers and employees that violate any laws, governmental regulations or this Code will face appropriate, case specific disciplinary action, which may include demotion or immediate discharge.

Waivers

Any waiver, explicit or implicit, of this Code for any executive officer or director, and any amendment to this Code, may be made only by the Board of Directors of ASV and shall be promptly disclosed to shareholders, along with the reasons for any waiver or amendment, in accordance with the requirements of the Nasdaq Stock Market and the SEC.

Names and Addresses (as of December 30, 2005)

Reporting Contacts:

Ethics Officer:

Name: Tom Karges

Address: A.S.V., Inc.
840 Lily Lane

Grand Rapids, MN 55744

Phone: (218) 327-5365

E-mail: tkarges@asvi.com

The Chair of our Audit Committee:

Name: R.E. "Teddy" Turner, IV

Address: Charleston Boat Works
1300 Pierside Street Pier J
North Charleston, SC 29045

Phone: (843) 554-7115

E-mail: retiv@mindspring.com

Additional Reporting Contact:

Our Outside Counsel:

Tim Hearn, Esq.

Dorsey & Whitney LLP

50 South 6th Street

Minneapolis, MN 55402-1498

(612) 340-7802

tim.hearn@dorsey.com

COMPLIANCE CERTIFICATE

I have read and understand the ASV Code of Business Conduct and Ethics (the “Code”). I will adhere in all respects to the ethical standards described in the Code. I further confirm my understanding that any violation of the Code will subject me to appropriate disciplinary action, which may include demotion or discharge.

I certify to ASV that I am not in violation of the Code, unless I have noted such violation in a signed Statement of Exceptions attached to this Compliance Certificate.

Date: _____

Name: _____

Title/Position: _____

Check one of the following:

- A Statement of Exceptions is attached.
- No Statement of Exceptions is attached.