

Penford Corporation Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics (this “Code”) embodies the commitment of Penford Corporation and its subsidiaries (together, the “Company”) to conduct our business in accordance with the highest ethical standards and applicable laws, rules and regulations. All employees, consultants and members of our Board of Directors (collectively, our “associates”) are expected to adhere to the principles and procedures set forth in this Code. We have adopted this Code to communicate to you the ethical and legal standards that we expect you to observe when dealing with the Company, your colleagues, our customers, our suppliers and all other third parties.

While this Code covers a wide range of business practices and procedures, it does not cover every issue that may arise in the course of your experience working with the Company. Nonetheless, we have attempted to set out basic principles that should provide you with the guidance necessary to conduct yourself ethically and avoid even the appearance of improper behavior. If you have any questions or concerns with respect to this Code, you may consult with your local Human Resources representative. You may also address your concerns or questions directly to the Audit Committee. The alternative ways to ask questions, express concerns or report a violation are set forth below under the heading “Contact Process.”

This Code should be read in conjunction with our Antitrust Compliance Guide, our Foreign Corrupt Practices Act Policy, and the Insider Trading Policy.

Ethics

Each of our associates, wherever they may be located, must conduct their affairs with uncompromising honesty and integrity. You are expected to be honest and ethical in dealing with each other, our customers, suppliers and all other third parties. Misconduct will not be excused even if directed by another. All of our associates are expected to alert management or the Audit Committee whenever a dishonest or unethical act is discovered or reasonably suspected.

We operate our business both in the United States and internationally. Business practices and customs differ from country to country. When conflicts arise between our ethical practices and the practices of a foreign country, you should seek to resolve them consistent with the ethics set forth in this Code.

Compliance with Laws, Rules and Regulations

Obedying the law, both in letter and in spirit, is the foundation on which the Company’s ethical standards are built. All associates must respect and obey the laws of the cities, states and countries in which we operate. Although not all associates are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers, or other appropriate personnel in order to assure compliance with such laws.

Conflicts of Interest

Our associates have a duty of loyalty to act in the best interests of the Company. We expect you to avoid situations and relationships that involve actual or potential conflicts of interest and fully disclose to the Company those conflicts of interest that you cannot avoid. Generally, a “conflict of interest” exists when your private interest interferes in any way with the interests of the Company or makes it difficult for you to perform your work for the Company objectively and effectively. You must avoid any personal activity, investment or association with our competitors, customers, suppliers and other third parties that could appear to interfere with your judgment concerning the Company’s best interests and you must never exploit your position or relationship with the Company for personal gain. For example, there is a likely conflict of interest if you:

- cause the Company to engage in a business transaction with your relatives or friends;
- use nonpublic information of the Company, its customers, suppliers and other third parties for personal gain by you, your relatives or friends (including securities transactions based on such information) (See our Insider Trading Policy for further information.);

- have more than a one percent (1%) financial interest in our customers or competitors;
- receive an unauthorized loan, or guarantee of obligations (loans to or arranging credit for officers violates the Sarbanes-Oxley Act), from the Company or a third party as a result of your position with the Company;
- compete, or prepare to compete, with the Company while still employed by the Company; or
- assume for yourself a corporate opportunity in the Company's line of business that may be of interest to the Company, without first offering the opportunity to the Company.

There are other situations in which a conflict of interest may arise as well. If you have concerns about any situation, follow the steps outlined in the Section on "Reporting Violations."

Gifts, Bribes and Kickbacks; International Operations

Other than for modest (i.e., having a market value of \$250 or less) gifts given or received in the normal course of business (including travel or entertainment), neither you nor your relatives may give gifts to, or receive gifts from, our customers or suppliers. Other gifts may be given or accepted only with prior approval of your local Human Resources representative. You should also honor and be sensitive to possibly more restrictive rules relating to the receipt of gifts by the employees of our customers or suppliers. In no event should you put the Company or yourself in a position that would be embarrassing if the gift was made public.

Any associate who pays or receives bribes or kickbacks will be immediately terminated and reported, as warranted, to the appropriate authorities. A kickback or bribe includes any item intended to improperly obtain favorable treatment.

Dealing with government employees is often different than dealing with private persons. Many governmental bodies strictly prohibit the receipt of any gratuities by their employees, including meals and entertainment. You must be aware of and strictly follow these prohibitions.

You are expected to comply with our policies applicable to international business transactions and with the legal requirements and ethical standards of each country in which you conduct our business, as well as with all U.S. laws applicable in other countries. The U.S. Foreign Corrupt Practices Act (FCPA) applies to business transactions both inside the United States and in other countries. Its requirements relate to accurate and complete financial books and records, transactions with foreign government officials and restrictions on the use of funds for unlawful or improper purposes. Because violation of the FCPA can bring severe penalties, including criminal fines for the Company and individuals and jail terms, it is essential that you become familiar with the FCPA's requirements if you are living or working in a foreign country. See our Foreign Corrupt Practices Act Policy for a more detailed description of our policy with respect to the FCPA. Other statutes that may affect our international operations include, but are not limited to, the International Anti-Bribery and Fair Competition Act (which prohibits making payments to foreign officials for the purpose of securing any improper advantage in obtaining or retaining business) and the Export Administration Act (which authorizes the U.S. Department of Commerce to regulate exports of certain sensitive technologies and provides for criminal and civil penalties for any export control violations). If you have any questions regarding these legal requirements, please contact your local Human Resources representative or the Company's General Counsel.

Improper Use or Theft of Company Property

Every associate must safeguard the Company's property from loss or theft, and may not take such property for personal use. Improper use of Company property includes falsifications, misstatements or omissions in travel and entertainment expense reports. The Company's property includes confidential information, software, computers, office equipment, and supplies. You must appropriately secure all of the Company's property within your control to prevent its unauthorized use or theft. Associates may make limited non-business use of the Company's electronic communications systems, provided that such use: (i) is occasional; (ii) does not interfere with the associate's professional responsibilities; and (iii) does not diminish productivity. Use of the Company's electronic communications systems to access or post material that is lewd, intimidating or hostile is strictly prohibited.

Protection of the Company, Customer or Supplier Information

You may not use or reveal to others the confidential or proprietary information that belongs to the Company, its customers or other third parties. Additionally, you must take all necessary steps to prevent unauthorized access to such information, including securing documents, limiting access to computers and electronic media, and properly disposing of materials. Proprietary and/or confidential information includes, among other things, business methods, pricing and marketing data, computer code, screens, forms, experimental research, information about, or received from, the Company's current, former or prospective customers, suppliers or other third parties. You will often have access to information that is private to the Company, has not been made public and constitutes trade secrets or proprietary information. Protection of this information is critical to our ability to grow and compete. Under the laws of most countries where we do business, trade secrets are legally protected property as long as they remain secret (meaning not generally or publicly known). Your obligations with respect to our confidential trade secrets and proprietary information are:

- not to disclose the information outside of the Company;
- not to use the information for any purpose except for the benefit of the Company; and
- not to disclose the information within the Company, except to those associates who need to know or use the information and are aware that it constitutes a trade secret or proprietary information.

These obligations continue even after you leave the Company, until the information becomes publicly available or until we no longer consider it a trade secret or proprietary information. Any documents, papers or records that contain trade secrets or proprietary information are our property, and must remain at the Company.

Gathering Competitive Information

You may not accept, use or disclose the confidential information of our competitors, unless (i) the information is in the public domain other than as a result of disclosures by or on behalf of the Company or its associates or representatives; (ii) the information is independently developed without the use of confidential information of a competitor; or (iii) the information is received from a third party on a non-confidential basis and is not in violation of any legal rights of a competitor or other third party. Particular care must be taken when dealing with our competitors' customers, former customers or former employees. Never ask these individuals for confidential or proprietary information, or to violate a non-compete or non-disclosure agreement. If you are uncertain about the proper course of action with respect to these individuals, consult your local Human Resources representative or the Company's General Counsel.

Sales: Defamation and Misrepresentation

Aggressive selling should not include misstatements, innuendo or rumors about our competition or their products and financial condition. Also, do not make unsupportable promises or representations about the Company's products or services.

Fair Dealing

No associate should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Fair Competition and Antitrust Laws

We must comply with all applicable fair competition and antitrust laws. These laws attempt to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition. See our Antitrust Compliance Guide for a more detailed description of this policy.

Securities Trading

The U.S. federal securities laws require that a purchaser and a seller of securities have equal access to all material information regarding the Company whose securities they are trading. Consequently, these laws forbid an investor from purchasing or selling securities based upon "inside" information not otherwise available to the other party.

The consequences of insider trading violations can be severe. Associates who trade on inside information, or who communicate (or “tip”) this information to others so that they may trade, may face significant monetary penalties and a jail term of up to twenty years. Additionally, if we or our senior officers do not take appropriate steps to prevent our associates from insider trading, we may also face severe legal consequences, including, among other things, substantial criminal penalties.

Associates who have material, nonpublic (i.e., “inside”) information about the Company should not buy or sell our securities (including derivative securities such as put and call options) until a reasonable time after the inside information has been publicly disclosed (48 hours after disclosure is usually a sufficient amount of time). You also should not disclose inside information to others outside of the Company until a reasonable time after the information has been publicly disclosed. These rules also apply to the use of material, nonpublic information about other companies as well (including, for example, our customers, competitors and potential business partners). In addition to you, these rules apply to your spouse, children, parents and siblings, as well as any other family members living with you in your household. In addition, it is never appropriate for you to advise others to buy or sell our securities and we believe that it is highly inappropriate for any associate to “sell short” our stock or engage in other transactions where you may earn a profit based on a decline in our stock price. See our Insider Trading Policy for a more detailed description of this policy.

Accurate Periodic Reports

Accurate, complete and timely disclosure in our periodic and current reports to the U.S. Securities and Exchange Commission is legally required and is essential to the success of our business. We have recently created disclosure controls and procedures that are designed to ensure that all public disclosure is accurate, complete and timely. We have also established a Disclosure Committee in order to ensure compliance with the disclosure controls and procedures and to evaluate the effectiveness of those controls and procedures on a regular basis. It is critical that each associate who serves on the Disclosure Committee or otherwise participates in the new disclosure procedures exercises the highest standard of care in preparing and submitting disclosure for such reports. Associates must never provide false or misleading information to the Company for inclusion in the periodic reports. If you become aware that our public disclosures are not accurate, complete and timely, or become aware of a transaction or development you believe may require disclosure, you should report the matter immediately to a member of the Disclosure Committee. Our Disclosure Committee includes the Division Presidents, the Corporate Controller, the Chief Science Officer, the General Counsel, and certain other appointed members. The Disclosure Committee reports to the Chief Executive Officer and Chief Financial Officer. If you would like to know the other members of the Disclosure Committee, please contact our Corporate Controller.

Accounting and Financial Records

We are required under U.S. federal securities laws and generally accepted accounting principles to keep books, records and accounts that accurately reflect all of the Company’s transactions and to provide an adequate system of internal accounting controls. We expect you to ensure that those portions of our books, records and accounts for which you have responsibility are valid, complete, accurate and supported by appropriate documentation in verifiable form. You should never:

- improperly accelerate or defer expenses or revenues to achieve financial results or goals;
- maintain any undisclosed or unrecorded funds or “off the book” assets;
- establish or maintain improper, misleading, incomplete or fraudulent accounting documentation or financial reporting;
- record revenue for any project that has not fully complied with the Company’s revenue recognition guidelines;
- make any payment for purposes other than those described in the documents supporting the payment;
- submit or approve any expense report where you know or suspect that any portion of the underlying expenses were not incurred or are not accurate; or
- sign any documents believed to be inaccurate or untruthful.

All associates who exercise supervisory duties over the Company’s assets or records are expected to establish and implement appropriate internal controls over all areas of their responsibility. This will help ensure the safeguarding of our assets and the accuracy of our financial records and reports. We have adopted various types of internal

controls and procedures as required to meet internal needs and applicable laws and regulations. We expect you to follow these controls and procedures to the extent they apply to you, to assure the complete and accurate recording of all transactions.

Any accounting entries or adjustments that materially depart from generally accepted accounting principles must be approved by our Audit Committee and reported to our independent auditors. You must not interfere with or seek to improperly influence (directly or indirectly) the review or auditing of our financial records by our Audit Committee or independent auditors.

If you become aware of any questionable transaction or accounting practice concerning the Company or our assets, we expect you to report the matter immediately to a member of the Disclosure Committee or to a member of our Audit Committee. In addition, we expect you to report all material off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships between the Company and any unconsolidated entities or other persons that may have material current or future effects on our financial condition or results of operations to a member of the Disclosure Committee or a member of our Audit Committee.

Political Contributions

No Company funds may be given directly to political candidates. You may, however, engage in political activity with your own resources on your own time.

Fair Employment Practices and Diversity

We believe that diversity in our staff is critical to our success as a global organization, and we seek to recruit, develop and retain the most talented people from a diverse candidate pool. Advancement at the Company is based on talent and performance. We are fully committed to equal employment opportunity and compliance with the letter and spirit of the full range of fair employment practices and nondiscrimination laws.

Harassment and Intimidation

The Company prohibits sexual or any other kind of harassment or intimidation, whether committed by or against a supervisor, co-worker, customer, vendor or visitor. Harassment, whether based on a person's race, gender, color, creed, religion, national origin, citizenship, age, disability, marital status, sexual orientation, ancestry, veteran status or socioeconomic status, is unethical and completely inconsistent with our tradition of fostering a respectful, professional and dignified workplace. You must never use the Company's systems to transmit or receive electronic images or text of a sexual nature or containing ethnic slurs, racial epithets or any other material of a harassing or offensive nature.

Drug-Free Workplace

To meet our responsibilities to our associates, customers and investors, we must maintain a healthy and productive work environment. Misusing controlled substances or selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs on the job is absolutely prohibited.

Retention of Business Records

Our business records must be maintained for those periods specified by applicable state and federal law. Records may be destroyed only at the expiration of the pertinent period. Under no circumstances may documents that may be involved in a pending or threatened litigation, government inquiry or under subpoena or other information request, be discarded or destroyed, regardless of the periods specified above. In addition, you may never destroy, alter or conceal, with an improper purpose, any record, or otherwise impede any official proceeding, either personally, in conjunction with, or by attempting to influence, another person.

Special Provisions Applicable to Certain Executive Officers

Given the important position of trust and authority that they occupy, our Chief Executive Officer and Chief Financial Officer (collectively, the "Financial Executives") should act extremely cautiously in interpreting and

applying this Code. The Financial Executives should consult with our outside counsel with respect to any proposed actions or arrangements that are not clearly consistent with this Code. In the event that a Financial Executive wishes to engage in a proposed action or arrangement that is not consistent with this Code, the Financial Executive must obtain a waiver of the relevant Code provisions in advance from our Audit Committee.

Ongoing Review of Compliance

We require all associates to comply with this Code. Upon your receipt of this Code, and also from time to time as we deem to be necessary, we may, to the extent permitted by applicable law, require you to sign an acknowledgement confirming that you have read and understood this Code and agree to comply with its provisions. We reserve the right to monitor your continuing compliance with the provisions of this Code and to investigate any suspected violations. If substantiated, a violation could result in disciplinary action, including termination without prior warning.

Accountability; Waivers

Any associate who ignores or violates any of the Company's ethical standards, and any manager who penalizes a subordinate for trying to follow these ethical standards or report a violation thereof, will be subject to corrective action, including immediate dismissal.

This Code applies to all of our associates. There shall be no waiver of any part of this Code, except by a vote of the Board of Directors or a designated committee thereof, which will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect the Company. In the event that any waiver is granted to a Financial Executive, the waiver will be posted on our website and/or submitted to the SEC, thereby allowing our shareholders to evaluate the merits of the particular waiver.

Reporting Violations

We expect you to bring to the attention of our Disclosure Committee or Audit Committee information about any suspected violation of this Code by any other associate. If you have information about suspected improper accounting or auditing matters, you should bring such information to the attention of your local Human Resources representative

If you are not comfortable revealing your identity when making a report, you can also make an anonymous report by submitting a report electronically at www.ethicspoint.com or by telephone 866-ETHICSP (866-384-4277). Ethicspoint is an independent third party reporting system which is designed to facilitate the receipt, retention and treatment of reports including making reports available to the Audit Committee of the Board of Directors while maintaining your anonymity and screening anyone who is the subject of, or implicated by, your report.

You should feel safe in reporting this information, without regard to the identity or position of the suspected offender. The information will be handled in a confidential manner (consistent with appropriate evaluation and investigation) and the Company will not take any acts of retribution or retaliation against you for making the report.

Because failure to report criminal activity can itself be understood to condone the crime, we emphasize the importance of reporting. For both criminal activity and other violations of this Code, failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report.

Contact Process

You may make inquiries, seek clarifications or report suspected violation to your local Human Resources representative or if you prefer submit a report to Ethicspoint in accordance with the procedures described above. Questions and clarifications can also be directed to the Company's General Counsel or any other officer of the Company.

You have the commitment of the Company and of the Audit Committee of our Board of Directors that you will be protected from retaliation.