

BIOFUEL ENERGY CORP.

**Code of Business
Conduct and Ethics**

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CODE OF BUSINESS CONDUCT AND ETHICS

I. INTRODUCTION

This Code of Business Conduct and Ethics (the “Code”) applies to BioFuel Energy Corp. and its subsidiaries (collectively, the “Company”) and the Company’s directors, officers and employees. All Company personnel must comply with the Code. Because any illegal or unethical action, or the appearance of misconduct or impropriety by anyone acting on the Company’s behalf, is unacceptable, the Code should also be followed by the Company’s agents and representatives, including consultants.

The Code, however, is not intended to be a comprehensive manual that covers every situation you might encounter. In many cases, more specific requirements are contained in the various corporate policies, procedures and guidelines, which you can obtain from your supervisor or through the Human Resources Department.

II. COMPLIANCE WITH THE LAW

It is the policy of the Company that its business will be conducted in accordance with all applicable federal, state and local laws, rules and regulations, as well as applicable laws, rules and regulations of foreign jurisdictions, and in a manner that will always reflect a high standard of ethics. The laws, rules and regulations applicable to the Company are far reaching and complex. Compliance with the law does not comprise our entire ethical responsibility; rather, it is a minimum, absolutely essential condition for performance of our duties. Perceived pressure from supervisors or demands due to business conditions are not excuses for violating the law. Any questions or concerns about the legality of an action should be addressed with the Chief Financial Officer or the General Counsel of the Company (the “Compliance Officers”) or any other officer specifically designated by the Board of Directors of the Company (the “Board”).

III. “CONFLICT OF INTEREST” AND HOW TO AVOID IT

A. General Guidance

Business decisions and actions must be based on the best interests of the Company, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors, regulators or other employees must not affect your independent and sound judgment on behalf of the Company. General guidelines to help you better understand several of the most common examples of situations that may cause a conflict of interest are listed below. However, you are required to disclose to a Compliance Officer or other Board-designated officer any situation that may be, or appear to be, a conflict of interest. When in doubt, it is best to disclose.

B. Outside Employment and Other Activities

You may not work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without the explicit approval of a Compliance Officer or other Board-designated officer. Any such approval must be documented.

The Company recognizes that employees often engage in community service in their local communities and engage in a variety of charitable activities. The Company commends employees' efforts in this regard. However, it is every employee's duty to ensure that all outside activities, even charitable or pro bono activities, are strictly separated from Company employment, do not constitute a conflict of interest and do not harm job performance at the Company.

C. Board Memberships

Accepting a seat on the board of directors of an outside company requires the advance written approval of a Compliance Officer or other Board-designated officer. Helping the community by serving on boards of charitable, governmental, non-profit, community or other similar organizations is encouraged, and does not require prior approval. You must, however, notify in writing a Compliance Officer or other Board-designated officer if you currently serve or accept a seat on such boards.

D. Family Members and Close Personal Relationships

You may not use personal influence to direct Company business to a company in which you, any family member or any personal friend has an interest. If you are aware that the Company is engaged in or may be contemplating any business with such a company, you must provide written notice of your relationship to a Compliance Officer or other Board-designated officer.

E. Investments

You may not allow your personal investments to influence, or appear to influence, your independent judgment on behalf of the Company. If there is any doubt about how an investment might be perceived, or if your investment exceeds 5% of the equity interest of any entity in the BioFuel Production industry or related industries, it should be disclosed in writing to a Compliance Officer or other Board-designated officer. "BioFuel Production" means the business of developing, constructing, owning and operating ethanol or biodiesel production and processing plants, engaging in commercial sales of ethanol, biodiesel and byproducts, or engaging in the mixing, transportation and storage of ethanol, biodiesel and byproducts.

F. Gifts

1. Gifts to Employees

You may not accept kickbacks, lavish gifts or gratuities. You may accept items of nominal value, such as small promotional items bearing another company's name. You may not accept anything that might make it appear that your judgment for the Company would be compromised.

In some rare situations, it would be impractical or harmful to refuse or return a gift. When this happens, discuss the situation with a Compliance Officer or other Board-designated officer.

2. *Gifts Given by the Company*

Some business situations call for giving gifts. The Company's gifts must be legal, reasonable, and approved in writing by a Compliance Officer or other Board-designated officer. A problem would arise if the offering by one of our employees of a gift appears to be or could reasonably be viewed as an attempt to obtain business through improper means or use improper means to gain any special advantage in our business relationships.

You may not provide any gift if it is prohibited by law or, to your knowledge, the policy of the recipient's organization. For example, the employees of many governmental entities around the world are prohibited from accepting gifts. If in doubt as to whether any gifts or proposed gifts are appropriate, check with a Compliance Officer or other Board-designated officer first.

G. Entertainment

1. *Entertainment of Employees*

You may accept entertainment that is reasonable in the context of the business and that advances the Company's interests. For example, accompanying a business associate to a local cultural or sporting event, or to a business meal, would in most cases be acceptable.

Entertainment that is lavish or frequent may appear to influence your independent judgment on behalf of the Company. Accepting entertainment that may appear inappropriate should be approved in writing in advance by a Compliance Officer or other Board-designated officer.

2. *Entertainment by the Company*

You may provide entertainment that is reasonable in the context of the Company's business and that does not appear inappropriate.

H. Travel

1. *Acceptance of Travel Expenses*

You may accept transportation and lodging provided by a Company supplier or other third party, if the trip is for business and is approved in writing in advance by a Compliance Officer or other Board-designated officer.

2. *Providing Travel*

Unless prohibited by law or, to your knowledge, the policy of the recipient's organization, the Company may pay the transportation and lodging expenses incurred by customers, agents or suppliers in connection with a visit to a Company facility or other Company business. The visit must be for a business purpose and must be approved in writing in advance by a Compliance Officer or other Board-designated officer.

I. Family Members

For purposes of conflicts of interest, the activities of immediate family members are considered to be the actions of Company directors, officers or employees.

IV. TAKING COMPANY BUSINESS OPPORTUNITIES

You may not, without the consent of the Board or an appropriate committee thereof, take for yourself opportunities that rightfully belong to the Company. These opportunities rightfully belong to the Company when, for example, the Company has pursued the opportunity, when it has been offered to the Company, when the Company has funded it, when the Company has devoted facilities or personnel to develop it, or when it is in the same line of business as the Company's business. You owe the Company a duty to advance its legitimate interests when the opportunity to do so arises.

V. PROTECTION OF COMPANY PROPERTY AND ASSETS

All employees have a responsibility to protect the Company's assets from loss, damage, misuse, theft, embezzlement or destruction. The Company's assets, such as funds, products or computers, may only be used for business purposes and other purposes approved by an officer of the Company. The Company's assets may never be used for illegal purposes. The Company's property should not be taken out of Company facilities for use outside of the normal course of Company business unless necessary and authorized by your supervisor or an officer of the Company in connection with Company work. When it becomes necessary to utilize the Company's communications equipment, including the Internet, and resources for occasional and infrequent non-business use, good judgment should prevail. Theft, loss, misuse, carelessness and waste of assets have a direct impact on the Company's profitability and may jeopardize the future of the Company. Any situations or incidents that could lead to the theft, loss, damage, misuse or waste of Company property should be reported immediately to your supervisor or manager as soon as they come to your attention.

VI. CONFIDENTIAL OR PROPRIETARY INFORMATION

All confidential or proprietary information of the Company must be protected. Confidential information includes, for example, pricing, inventions, financial data, trade secrets and know-how, marketing and sales programs and information about new products, litigation, contracts, acquisition or divestiture opportunities, research and development, customers and suppliers. Confidential information also includes information that suppliers and customers have entrusted to us.

No employee should disclose the Company's confidential or proprietary information to anyone within or outside of the Company unless the recipient will generally need this information to carry out his or her assigned responsibilities as an employee of the Company, or as an outsider who has been properly authorized by an officer of the Company to receive such information. Inquiries from the press, media, investors or the public regarding the Company should only be answered by the officers or employees designated to respond to such inquiries.

Employees of the Company should guard against unintentional disclosure of confidential information and take special care not to store confidential information where unauthorized personnel can see it, whether at work, at home, in public places or elsewhere. Situations that could result in inadvertent disclosure of such information include: discussing confidential information in public (for example, in restaurants, elevators or airplanes); talking about confidential information on mobile phones; working with sensitive information in public using laptop computers; and transmitting confidential information via fax. Within the workplace, do not assume that all Company employees, contractors or subsidiary personnel should see confidential information.

The obligation not to disclose the Company's confidential or proprietary information continues for three years after employment with the Company terminates unless otherwise specifically provided in writing.

VII. INSIDE INFORMATION AND SECURITIES TRADING

In the course of business activities, you may become aware of nonpublic information regarding the business, operations or securities of the Company, its affiliates or a company with which the Company does business. The United States securities laws prohibit the trading of securities on the basis of such nonpublic information (often called "inside information") if it is material. This means that you must not use or share material nonpublic information for purposes of trading securities of the Company or another entity. Information is deemed to be material if an investor would consider it important in deciding whether to buy, sell, or hold securities. Information is considered to be nonpublic unless it has been adequately disclosed to the public and there has been sufficient time and opportunity for the market as a whole to assimilate the information. Generally, this means that the information has been available to the public for at least two full business days following the day it is released. All material nonpublic information should be considered confidential information.

If you need assistance in determining how the rules governing inside information apply to specific situations, you should consult the Company's Compliance Officers.

VIII. FAIR COMPETITION AND DEALING

No employee should ever use any illegal or unethical method to gather competitive information. Stealing or possessing proprietary information or trade secret information that was obtained without consent or inducing such disclosures by past or present employees of other companies is prohibited. Additionally, the Company and its employees are required to comply with state and federal antitrust and unfair competition laws, as well as applicable antitrust and unfair competition laws of other countries in which the Company does business. An employee who questions whether a contemplated action may violate fair competition laws should speak to a Compliance Officer or other Board-designated officer.

Each employee, officer and director should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. None should take unfair advantage of such persons through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

IX. DISCRIMINATION AND HARASSMENT

The Company is committed to treating all employees with honesty, fairness and respect, and providing a safe and healthy work environment. Abusive, harassing or offensive conduct is unacceptable, whether verbal or physical. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. The Company will not tolerate discrimination or harassment on the basis of race, religion, national origin, sex, age, physical or mental disability, marital status, sexual orientation or any other protected class in dealing with employees, customers, suppliers or any other business contacts. The Company will not tolerate, condone or allow sexual harassment whether engaged in by co-workers, supervisors, customers, or other non-employees who conduct business with the Company. Employees are directed to report harassment when it occurs to the Human Resources Department or a Company officer. Because employment-related laws are complex and vary from state to state, you should obtain the advice of the Company's General Counsel in advance whenever there is any doubt as to the lawfulness of any proposed action or inaction.

X. HEALTH AND SAFETY

The Company is committed to providing all employees and others who are on Company property with a safe and secure environment. Accordingly, all personnel will comply with all health and safety laws and regulations as well as Company policies governing health and safety. All personnel are responsible for immediately reporting accidents, injuries and unsafe equipment, practices or conditions to a supervisor or Company officer. The possession, sale, purchase, delivery, use or transfer of illegal drugs on Company property or at Company functions will not be tolerated. Since health and safety laws are complex and subject to frequent changes, you should obtain the advice of the Company's General Counsel in advance whenever there is any doubt as to the lawfulness of any proposed action or inaction. This policy is not intended as a limitation of the policies set forth in the Company's Employee Guidelines as amended from time to time.

XI. ACCURACY AND RETENTION OF BUSINESS RECORDS

A. General

Accounting standards and applicable United States laws require that transactions and events relating to the Company's operations and assets must be properly recorded in the books and accounts of the Company and accurately reported in the applicable reports required by and filed with the Securities and Exchange Commission (the "SEC") and other United States regulatory agencies. As a result, all officers of the Company and all financial personnel shall make and retain books, records and accounts that, in reasonable detail, accurately, completely and objectively reflect transactions and events, and conform both to required accounting principles and to the Company's systems of internal controls. No false or artificial entries may be made. No entry may be made or recorded in the Company's books and records or reported in any disclosure document that misrepresents, omits, hides or disguises the true nature of the event or transaction, and all entries and reports must be made in a timely manner. All personnel are responsible for immediately reporting any concerns about the Company's financial records and its accounting, internal accounting controls and auditing procedures to management.

B. Records Retention

Certain documents and other records of the Company must be retained for various periods of time under legal and regulatory requirements. All records of the Company should be maintained in accordance with the Company's record retention guidelines. In any event, employees must not destroy, shred or alter records that are in any way related to a threatened, imminent or pending legal or administrative proceeding, litigation, audit or investigation. Company personnel who become aware of such a proceeding, litigation, audit or investigation must immediately contact a Compliance Officer or other Board-designated officer. Employees should consult their supervisor or a Company officer for questions related to the Company's record retention guidelines or the propriety of disposing of a Company document or record.

C. Additional Requirements for Directors and Executive Officers

In addition to the requirements specified elsewhere in this Code, the Company's directors and executive officers, including its principal executive officer, principal financial officer, controller or principal accounting officer, or persons performing similar functions, shall be responsible for:

- conducting themselves in an honest and ethical manner, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- compiling full, fair, accurate, timely and understandable disclosure in the periodic reports of the Company filed with or submitted to the SEC and in other public communications made by the Company;
- complying with applicable governmental laws, rules and regulations; and
- promptly reporting any violations of this Code.

XII. ENFORCEMENT

The Company's management is charged by the Board of Directors with ensuring that this Code and the Company's corporate policies will govern, without exception, all business activities of the Company.

A. Where to Go With a Question, Concern or to Report a Violation

If you need an explanation or you want to know if a provision of the Code applies to a particular situation, the best place to start is with your supervisor or the Human Resources Department.

If you believe a fellow employee is violating the Code or otherwise acting in an illegal or unethical manner, you must report it. Doing so will not be considered an act of disloyalty, but an action which shows your sense of responsibility and fairness to the Company's customers, stockholders and your fellow employees. You also help safeguard the reputation and the assets of the Company.

Reporting violations of the Code is also necessary because in some cases failure to report an illegal act by another person is itself a criminal act for which you could be prosecuted. Violations of the Code may cause an employee, officer or director to be subject to appropriate action, up to and including disciplinary action or immediate termination.

Violations may be reported to your supervisor, the Human Resources Department or an officer of the Company. If you do not believe that the violation has been adequately addressed, report the violation to a Compliance Officer or other Board-designated officer. Your report will be investigated with confidentiality and you will be protected from retaliation. If you are concerned about confidentiality, you can anonymously make a report by following the Company's whistleblower procedures. It is unacceptable to file a report if you know it is false, and doing so will subject you to discipline.

B. Receipt and Acknowledgement

The attached Receipt and Acknowledgement is required to be completed by **all** Company personnel acknowledging understanding of and compliance with the Code. Please return the certificate to the Human Resources Department. The Compliance Officers will annually certify to the Audit Committee that a Receipt and Acknowledgment from all current Company personnel has been received by the Company.

C. Waivers of the Code

In certain extraordinary situations, a waiver of a provision of the Code may be granted. Contact a Compliance Officer or other Board-designated officer, or the Human Resources Department, if you believe special circumstances warrant a waiver of any of the Code's provisions. **Any waiver of the Code for executive officers or directors may be made only by the Company's Board. Waivers will be promptly disclosed as required by applicable laws and regulations and Nasdaq Global Market listing requirements.**

D. Violations of the Code

Violations of the Code will not be tolerated by the Company. Reported violations or apparent violations will be reviewed by Company management and appropriate disciplinary action will be taken, up to and including termination of employment or service with the Company.

**BIOFUEL ENERGY CORP.
RECEIPT AND ACKNOWLEDGEMENT**

Name

Title

By signing below, I certify that I have read the attached Code of Business Conduct and Ethics (the “Code”) and agree to comply with its procedures and guidelines. I understand that strict compliance is expected by all personnel at every level, and that failure to observe the Code may result in serious legal difficulties for me personally, as well as for BioFuel Energy Corp. I also understand that failure to follow the letter and spirit of the Code may be grounds for termination of employment.

Printed Name

Signature

Date