

## **CODE OF BUSINESS CONDUCT AND ETHICS OF SMART BALANCE, INC.**

**Revised as of March 10, 2010**

Smart Balance, Inc. (“Smart Balance” or the “Company”) is committed to conducting our business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, and to full and accurate financial disclosure in compliance with applicable law. This Code of Ethics applies to all employees, officers and directors of the Company and its subsidiaries and sets forth specific policies to guide us in the performance of our duties. All persons subject to this Code are referred to as “Company personnel.”

All Company personnel must engage in and promote honest and ethical conduct and abide by this Code of Ethics and other Company policies and procedures that govern the conduct of our business. Our responsibilities include creating a culture of high ethical standards and commitment to compliance, maintaining a work environment that encourages Company personnel to raise concerns and have those concerns promptly addressed.

### **Compliance with Laws, Rules and Regulations**

All Company personnel are required to comply with the laws, rules and regulations of the cities, states and countries in which we operate, including, but not limited to, laws on bribery and kickbacks, illegal political contributions, securities laws and antitrust laws. Although not all Company personnel are expected to know the details of these laws, it is important to know enough to determine when to seek advice from the Company’s General Counsel. Company personnel should report any suspected violations in accordance with the section below entitled “Compliance with Code of Ethics.”

If anyone has any questions regarding proper conduct, you should consult with the Company’s legal counsel before taking any action.

### **Conflicts of Interest**

Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

A “conflict of interest” exists when a person’s private interest interferes in any way with the interest of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Company personnel are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position, except to the extent approved as described below. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest.

No Company personnel may compete with the Company directly or indirectly. It is almost always a conflict of interest for a Company employee to work simultaneously for or own a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

Conflicts of interest are prohibited as a matter of Company policy, except to the extent approved or resolved as described below. Each director and executive officer of the Company should promptly report each actual, apparent or potential conflict of interest situation involving the director or executive officer to the General Counsel of the Company and to the chairs of Audit Committee and the Governance and Nominating Committee. Other Company personnel should promptly report each actual, apparent or potential conflict of interest situation involving the person to his or her supervisor and the General Counsel of the Company. Approval of a conflict of interest transaction or resolution of any actual, apparent or potential conflict of interest by the Audit Committee or, in the case of any Company personnel that is not a director or executive officer of the Company, by such person's supervisor (in consultation with General Counsel or his designee) will not be deemed a waiver of the provisions of the Company's Code of Ethics. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with the Company's General Counsel.

### **Confidentiality**

Company personnel must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by management or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. The obligation to preserve confidential information continues even after employment or directorship ends.

### **Disclosures**

It is Company policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that the Company files with, or submits to, the United States Securities and Exchange Commission and all other governmental, quasi-governmental and self-regulatory bodies and in all other public communications made by the Company. The Company expects all Company personnel to provide accurate and complete information in response to requests for information needed for the Company to comply with its disclosure obligations. Reporting any false or misleading information is strictly prohibited.

### **Compliance with Code of Ethics**

If any Company personnel becomes aware of or suspects a violation of applicable laws, rules or regulations or this Code of Ethics, he or she must immediately report that information to the Company's General Counsel or a member of the Board of Directors. *No one will be subject to retaliation because of a good faith report of a suspected violation.* Violations of this Code of Ethics may result in disciplinary action, up to and including discharge. The Board of Directors

must determine, or must designate appropriate persons to determine, appropriate action in response to violations of this Code.

### **Waivers of Code of Ethics**

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors or the Audit Committee and will be promptly disclosed as required by law or stock exchange regulation.

### **No Rights Created**

This Code of Ethics is a statement of certain fundamental principles, policies and procedures that govern Company personnel in the conduct of Smart Balance's business. It is not intended to and does not create any rights in any employee, tenant, patron, guest, supplier, competitor, stockholder or any other person or entity.

## ACKNOWLEDGMENT FORM

I have received and read the Code of Business Conduct and Ethics of Smart Balance, Inc. (the “Code of Ethics”) and I understand its contents. I agree to comply fully with the standards, policies and procedures contained in the Code of Ethics and the Company’s related policies and procedures. I understand that I have an obligation to report any suspected violations of the Code of Ethics that I am aware of to the Company’s legal counsel or any member of the Board of Directors. I certify that, except as fully disclosed in accordance with the terms of this Code of Ethics, I have not engaged in any transactions or activities that would constitute an actual or apparent conflict with the interests of the Company. I further certify that I am in full compliance with the Code of Ethics and any related policies and procedures as of the date on which I signed this Acknowledgment and/or the date on which I became an employee, officer or director of the Company or any of its subsidiaries.

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Printed Name

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Signature

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Date:

## **Policy and Procedures for the Submission of Complaints Pertaining to Accounting, Internal Accounting Controls, Auditing and Other Matters (Whistleblower Provisions)**

Smart Balance, Inc. (“Smart Balance” or the “Company”) is a company very much concerned about its values. We strive to foster a work environment that promotes creativity, innovation, commitment, entrepreneurship, initiative, judgment, discipline, leadership, perseverance, determination, professionalism, integrity and mutual respect. As a fair-dealing and equitable corporate citizen concerned with our standing in the community and the quality of our employees, we strongly believe that unethical behavior can seriously undermine the efforts of all our employees in building a company of which we can be proud.

Given our desire to build such a company, it is important that we have common ways of dealing with sensitive issues in order to ensure that our behavior is beyond reproach. Every day, what we do and what we say shapes Smart Balance’s reputation and impacts our common future.

Our Code of Ethics is aimed at helping us respect existing laws and regulations, and properly guide our actions that flow from business decisions, in which good judgment is required.

This policy complements the procedures already existing in the Code of Ethics to deal with certain issues and concerns that may arise from time to time.

### **1. Policy Statement**

This policy provides a means whereby a complainant may, in good faith and without fear of retaliation, report issues and/or concerns in connection with a serious violation.

In responding to a complaint, Smart Balance will act fairly with respect to any individual named in the complaint, based on the seriousness of the issue raised, the credibility of the information or allegations in the complaint, and the prospects of an effective investigation.

Smart Balance will not retaliate against any complainant for reporting in good faith serious violations pursuant to this policy. “Good faith” means that a complainant reasonably believes that the complaint is true and could be a serious violation.

### **2. Nature of Complaints**

In accordance with the Sarbanes-Oxley Act of 2002 and listing standards of the NASDAQ Global Market (or any other national exchange or automated quotation system on which the Company’s stock may in the future be listed, traded or quoted), Smart Balance has adopted the following procedures to facilitate the submission, on a confidential and anonymous basis, of complaints, reports and concerns by any person (“Complainant”) regarding (i) accounting, internal accounting controls, or auditing matters, (ii) actual or potential violations of laws, rules or regulations, and (iii) other suspected wrongdoing, including in connection with the Code of Ethics (a “serious violation”).

### **3. Protection of Complainants**

This policy and related procedures offer protection from retaliation to Complainants with respect to matters that are, or could give rise to, serious violations, provided the complaint is made:

- in good faith, in a manner that is consistent with Smart Balance's values, particularly respect for others;
- in the reasonable belief of the Complainant that the conduct or matter covered by the complaint constitutes, or has the potential to constitute, a serious violation; and
- pursuant to the procedures contained in Section 5 below.

No complaint that satisfies these conditions shall result in any retaliation or threat of retaliation against the Complainant. This means that Smart Balance and its directors, officers, employees (expressly including all supervisory personnel) and agents shall not penalize, discharge, demote, suspend, threaten, harass, transfer to an undesirable assignment or location, or otherwise discriminate (collectively, "retaliate" or "retaliation") against any Complainant for calling attention, in good faith, to suspected illegal or unethical acts. Any act of retaliation shall itself be treated by Smart Balance as a serious violation of Smart Balance's policy and could result in disciplinary action up to and including discharge. This protection extends to anyone providing information in relation to an investigation, including an internal investigation.

### **4. Confidentiality**

Smart Balance will treat all complaints by Complainants as confidential and privileged to the fullest extent required by law. A Complainant is encouraged to put his/her name to any complaint he/she makes, but it may also be made anonymously, as provided in Section 5 below.

### **5. How to make a complaint?**

Any complaint under this policy must be submitted to the Chairman of the Audit Committee through one of the following confidential means of communication:

- (a) by telephone: toll-free number to be provided in internal Company communications that will have no caller ID
- (b) in writing:

Smart Balance, Inc.  
c/o Norman J. Matar, Esq.  
Attn: Audit Committee Chair (Strictly Confidential)  
115 W. Century Road, Suite 260  
Paramus, NJ 07652

Any complaint should provide sufficient, precise, and relevant information pertaining, among others, to dates, places, persons/witnesses, numbers, etc., so that a reasonable investigation can be conducted. If the Complainant wishes to discuss any such matter with the Audit Committee

Chair, he/she should indicate this in the submission or message and include a telephone number at which he/she might be contacted if the Audit Committee Chair deems it appropriate. When possible, the Audit Committee Chair shall acknowledge receipt of the complaint to the sender.

## **6. Investigation**

On receiving a complaint, the Audit Committee Chair shall immediately register it in a log of complaints and open a file, which file shall be maintained in a secure location to protect the confidentiality of the Complainant. The Audit Committee Chair shall then determine whether the complaint actually pertains to a subject covered under this policy. If the Audit Committee determines that the complaint is not covered by this policy, he/she shall direct the complaint to the appropriate Company personnel in accordance with the Company's other policies and procedures. If the Audit Committee Chair determines that the complaint is covered by this policy, he/she shall then cause an investigation to be initiated. In conducting the investigation, the Audit Committee Chair may enlist inside or outside legal, accounting, human resources, or other advisors, as appropriate. The Audit Committee Chair or the advisors or agents retained by the Audit Committee to assist in any investigation shall have access during an investigation to all books and records of Smart Balance. Smart Balance directors, officers, employees and agents are expected and obligated to fully cooperate in the investigation. In conducting any investigation, the Audit Committee Chair shall use reasonable efforts to protect the confidentiality of the Complainant.

Investigations will be conducted as quickly as possible, taking into account the nature and complexity of the complaint and the issues raised therein. The Audit Committee shall retain as a part of the records any and all complaints, reports or concerns and related documentation for a period of no less than three (3) years.

## **7. Reporting to the Audit Committee and Registered Independent Public Accountants**

Each quarter, the Audit Committee Chair shall report to the entire Audit Committee and to the external auditors, in the aggregate, the number, the nature, and the outcome of complaints received and investigated under this policy. Notwithstanding the foregoing, the Audit Committee Chair shall immediately report to the Committee any complaint that may have material financial, operational or disclosure consequences.