



Code of Business Conduct & Ethics

Notice of Proprietary Information

This Policy is the property of Avid Bioservices, Inc., and any of its subsidiaries. The information contained herein is proprietary to this Company and may not be copied or reproduced without the express written permission of the Company's President & Chief Executive Officer.

TABLE OF CONTENTS

Introduction3

Section 1. Compliance with the Code4

Section 2. Administration and Enforcement5

Section 3. Maintaining Accurate and Complete Accounting Financial Records5

Section 4. Public Disclosure6

Section 5. Compliance with Laws, Rules and Regulations7

Section 6. Insider Trading7

Section 7. Responding to Inquiries from the Press and Others7

Section 8. Corporate Opportunities.....8

Section 9. Confidentiality.....8

Section 10. Competition and Fair Dealing8

Section 11. Political Activity.....9

Section 12. Document Retention.....9

Section 13. Gifts and Entertainment9

Section 14. Conflicts of Interest.....9

Section 15. Equal Employment Opportunity and Harrassment.....10

Section 16. Protection and Proper User of Company Assets.....10

Section 17. Waivers of This Code10


Confirmation Certificate.....12

INTRODUCTION

This Code of Business Conduct and Ethics ("Code") provides information about the standards of integrity that Avid Bioservices, Inc. and its subsidiaries require all employees, officers and members of its Board of Directors to follow. It does not address every situation or set forth every rule, nor is it a substitute for the responsibility of each of us to exercise good judgment. The Code should also be provided to and followed by Avid's agents and representatives, including temporary employees working for the Company through an outside agency, consultants, and independent contractors (collectively referred to as "consultants" hereinafter). Avid, in its sole discretion, may modify the terms of this Code at any time.

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. ***If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 1 of this Code.***

	<p><u>Policy</u></p> <p>Code of Business Conduct & Ethics</p>	<p>Page 4 of 12</p> <p>Revision: 1.0</p>
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To All Employees, Officers, Consultants, and Members of the Board of Directors:

As we work in an environment that changes continuously, one thing remains constant: our commitment to Avid's core value system which requires us to uphold the highest levels of business ethics and personal integrity.

This Code of Business Conduct and Ethics (the "Code") embodies the commitment of Avid Bioservices, Inc. and our subsidiaries to conduct our business in accordance with all applicable laws, rules, and regulations and with the highest ethical standards. All employees, officers, consultants and members of our Board of Directors are expected to adhere to those principles and procedures set forth in this Code that apply to them. We must all exercise sound judgment, make the right choices and take the right actions. Each of us plays an important role in assuring the highest level of business ethics and integrity in our company: from every meeting we conduct, to every contract we negotiate, to every strategy we implement. Working together, we must set and meet the highest standards of business excellence that our customers, vendors, employees and shareholders expect from us.

I urge you to read this Code carefully and to abide by the spirit as well as the letter of the Code in all you do on Avid's behalf. Each employee, officer, consultant and director should also read and be familiar with the portions of our Employee Handbook applicable to such employee, officer, consultant or director, which is not part of this Code.

Remember, our behavior today will have a material impact on our reputation and business success tomorrow.

Roger J. Lias, Ph.D.

President & Chief Executive Officer

SECTION 1. COMPLIANCE WITH THE CODE

Employees, officers, consultants and directors should strive to identify and raise potential issues before they lead to material problems, and should ask about the application of this Code whenever in doubt. We are each responsible for notifying our immediate supervisor immediately if we suspect, observe or learn of unethical business conduct or the commission of any dishonest, destructive or illegal act or any existing or potential violation of this Code. If you are uncomfortable talking with your immediate supervisor, you may contact our Human Resources Department directly.

You may also submit your concern or complaint on an anonymous basis by calling our Hotline in accordance with our "Open Door Policy and Hotline For Reporting Employee Complaints or Accounting or Auditing Matters."

We prefer that you give your identity when reporting violations to allow the Company to contact you in the event further information is needed to pursue an investigation. Your identity will be maintained in confidence to the extent practicable under the circumstances and consistent with enforcing this Code. If you are not comfortable revealing your identity when making a report, you can also make an anonymous report by calling our Hotline in

accordance with our “Open Door Policy and Hotline For Reporting Employee Complaints or Accounting or Auditing Matters.”

You should feel safe in reporting this information, without regard to the identity or position of the suspected offender. We will treat the information in a confidential manner (consistent with appropriate evaluation and investigation). We will not retaliate against anyone who, in good faith, notifies us of a possible violation of law or this Code, nor will we tolerate any harassment or intimidation of any employee who reports a suspected violation.

We emphasize the importance of reporting a possible violation, as the failure to not report a possible criminal activity can in itself be understood as to condone the crime. 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.

SECTION 2. ADMINISTRATION AND ENFORCEMENT

The responsibility for administering this Code, investigating violations of this Code or other reported items and determining corrective and disciplinary action rests with our Board of Directors and our Human Resources Department. This responsibility includes, but is not limited to, applying this Code to specific situations in which questions may arise and interpreting the standards set forth in this Code in a particular situation. An investigation will be promptly initiated following any credible indication that a breach of law or this Code may have occurred. Appropriate corrective action will also be initiated as we deem necessary, which may include notifying appropriate authorities. For more information about our procedures in dealing with violations or suspected violations of our other policies and procedures, you should contact the Human Resource Department.

If you violate any provision of this Code, you may be subject to disciplinary action, up to and including discharge. The Company strives to impose discipline for each Code violation such that the disciplinary action fits the nature and particular facts of the violation. We use a system of progressive discipline, whereby we will generally issue warnings or letters of reprimand for less significant, first-time offenses. Violations of a more serious nature may result in termination, suspension without pay, demotion, loss or reduction of bonus or option awards, or a combination of these actions.

Code violations are not the only basis for disciplinary action. We have additional policies and procedures governing conduct. Refer to our Employee Handbook and Procedures and Guidelines Governing Insider Trading and Tipping for additional information.

Any questions relating to how these policies should be interpreted or applied should be addressed to our Chief Financial Officer and/or our Human Resource Department.

SECTION 3. MAINTAINING ACCURATE AND COMPLETE ACCOUNTING FINANCIAL RECORDS

We are required under federal securities laws and generally accepted accounting principles to keep books, records and accounts that accurately reflect all 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 not:

- Improperly accelerate or defer revenues or expenses to achieve financial results or goals;
- Maintain any undisclosed or unrecorded funds or "off the book" assets;
- Record revenue for any project that has not fully complied with our 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; and
- Sign any documents believed to be inaccurate or untruthful.

All employees who exercise supervisory duties over our 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 that are 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 and independent auditors.

If you become aware of any questionable transaction or accounting practice concerning our Company or our assets, we expect you to report the matter immediately to a member of the Audit Committee or in the manner described in Section 1 of this Code.

SECTION 4. PUBLIC DISCLOSURE

It is the Company's policy that the information in its public communications, including SEC filings, be full, fair, accurate, timely and understandable. All employees, officers, consultants, and directors who are involved in the Company's disclosure process, including the Chief Executive Officer, Chief Financial Officer, and executive officers of our subsidiaries, are responsible for acting in furtherance of this policy. In particular, these individuals are required to maintain familiarity with the disclosure requirements applicable to the Company and are prohibited from knowingly misrepresenting, omitting, or causing others to misrepresent or omit, material facts about the Company to others, whether within or outside the Company, including the Company's independent auditors. In addition, any employee, officer, consultant, or director who has a supervisory role in the Company's disclosure process has an obligation to perform his or her responsibilities diligently.

SECTION 5. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

It is the Company's policy to comply with all laws, rules, and regulations that apply to our business. It is the personal responsibility of each employee, officer, consultant and director to adhere to the standards and restrictions imposed by those laws, rules, and regulations.

Company policy prohibits our employees and agents from entering into sensitive transactions. If such a transaction occurs, the Company and its officers, directors and employees directly involved may be subject to fines, imprisonment and civil litigation.

The term "sensitive transactions" is commonly used to describe a broad range of business dealings generally considered to be either illegal, unethical, immoral or to reflect adversely on the integrity of the Company. These transactions are usually in the nature of kickbacks, gifts of significant value (please refer to our Employee Handbook under "Business Conduct and Ethics" and Section 13 of this Code for more details), bribes or payoffs made to favorably influence some decision affecting a company's business or for the personal gain of an individual. These transactions may result in violation of various laws, including the United States Foreign Corrupt Practices Act.

Although we address several important legal topics in this Code, we cannot anticipate every possible situation or cover every topic in detail. While not all employees are expected to know the details of all of the laws, it is important enough to determine when to seek advice from supervisors, managers or other appropriate personnel. It is your responsibility to know and follow the law and conduct yourself in an ethical manner. As we noted above, it also is your responsibility to report any material violations of the law or this Code.

SECTION 6. INSIDER TRADING

Generally, it is both illegal and against Company policy for any employee, officer, consultant or director who is aware of material nonpublic information relating to the Company, any of the Company's clients, or any other private or governmental issuer of securities to buy or sell any securities of those issuers, or recommend that another person buy, sell, or hold the securities of those issuers.

More detailed rules governing the trading of securities by the Company's employees, officers, consultants and directors are set forth in our "Procedures and Guidelines Governing Insider Trading and Tipping" Any employee, officer, consultant or director who is uncertain about the legal rules involving his or her purchase or sale of any Company securities or any securities in issuers that he or she is familiar with by virtue of his or her work for the Company should consult with our Chief Financial Officer or the Compliance Committee before making any such purchase or sale.

SECTION 7. RESPONDING TO INQUIRIES FROM THE PRESS AND OTHERS

Our Company is subject to laws that govern the timing of our disclosures of material information to the public and others. Because of the importance of the legal requirements regarding disclosure of certain information to our stockholders and the public generally, we must make certain that any information regarding our business, financial condition or operating results that is released to the public is accurate and consistent. Consequently,

you should not discuss internal Company matters with anyone outside of the Company, except as clearly required in the performance of your job duties. This prohibition applies particularly to inquiries about the Company made by news media, securities analysts, and stockholders. All such inquiries should be directed to Hawk & Associates at (800)987-8256. If you think that you may have inadvertently disclosed proprietary or material non-public information, you should contact the Company's Chief Financial Officer immediately.

SECTION 8. CORPORATE OPPORTUNITIES

Employees, officers, consultants and directors owe a duty to the Company to advance the Company's legitimate business interests when the opportunity to do so arises. In this regard, Employees, officers, consultants and directors are prohibited from taking for themselves (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information, or position, unless the Company has already been offered the opportunity and turned it down. More generally, employees, officers, consultants and directors are prohibited from using corporate property, information, or position for personal gain or to compete with the Company.

Sometimes the line between personal and company benefits is difficult to draw, and sometimes both personal and company benefits may be derived from certain activities. The only prudent course of conduct for our employees, officers, consultants and directors is to make sure that any use of Company property or services that is not solely for the benefit of the Company is approved beforehand through our Chief Executive Officer and/or Board of Directors.

SECTION 9. CONFIDENTIALITY

In carrying out the Company's business, employees, officers, consultants and directors are often exposed to confidential or proprietary information about the Company, its clients/customers, prospective clients/customers, or other third parties. Employees, officers, consultants and directors must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information includes, among other things, any non-public information concerning the Company, including its businesses, financial performance, results or prospects, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. Employees, officers and directors should refer to the policies set forth in our Employee Handbook under "Confidentiality" for more detailed guidance on this topic.

SECTION 10. COMPETITION AND FAIR DEALING

We seek to outperform our competition fairly and honestly. Stealing proprietary information, processing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. We do not seek competitive advantages through illegal or unethical business practices. Each employee, officer, consultant and director should endeavor to deal fairly with the Company's clients, service providers, consultants, suppliers, competitors, and employees. No employee, officer, consultant or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

SECTION 11. POLITICAL ACTIVITY

It is Company policy to fully comply with all political contribution laws. Our funds may not be used for contributions of any kind to any political party or committee or to any candidate or holder of any government position (national, state or local) unless such contribution is permitted by law and has been approved by our Board of Directors. Please contact our Chief Financial Officer to determine whether a specific company contribution is permitted.

It is against our policy for you to lobby our other employees on behalf of a political candidate during the work day. It is also against our policy and the law to reimburse an employee for any political contributions or expenditures. Outside normal office hours, you are free to participate in political campaigns on behalf of candidates or issues of your choosing, as well as make personal political contributions. You should not make any such contributions in a way that might appear to be an endorsement or contribution by the Company.

SECTION 12. DOCUMENT RETENTION

Certain types of documents and records must be retained for specific periods of time, because of legal and regulatory requirements, or contractual obligations to our clients and suppliers. These periods of time, and the types of documents and records covered, may vary based upon the applicable legal, regulatory or jurisdictional requirements. We expect you to comply with the document retention requirements that apply to the specific area in which you work. If you are working with these types of documents and records, or are uncertain whether the documents or records you are working with are subject to these "retention" requirements, please consult with your supervisor or the Company's Chief Financial Officer.

Whenever you become aware that documents or records of any type may be required in connection with a lawsuit or government investigation, you must preserve all possibly relevant documents. This means that you must immediately stop disposing of or altering those documents pertaining to the subjects of the litigation or investigation, even if that activity is ordinary or routine. If you are uncertain whether documents or records under your control should be preserved because they might relate to a lawsuit or investigation, you should contact the Company's Chief Financial Officer.

SECTION 13. GIFTS AND ENTERTAINMENT

We are dedicated to fairly and impartially treating all persons and firms with whom we do business. Therefore, our employees must not give or receive gifts, entertainment or gratuities that could influence or be perceived to influence business decisions. Misunderstandings can usually be avoided by conduct that makes clear that our Company conducts business on an ethical basis and will not seek or grant special considerations. Please refer to our Employee Handbook under "Business Conduct and Ethics" for more details.

SECTION 14. CONFLICTS OF INTEREST

All Company personnel, including active consultants and directors, 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, either real or perceived. For example, you should abstain from participating in any decision related to a particular transaction involving another company or matter in which a Company representative or a family member has a material financial interest or where the effect of that decision would provide a material benefit to the Company representative or family member coming from the other person or company. Owning stock or other equity in a company with whom we have a business relationship is an example of a potential conflict of interest. Loans from such a company would be another example. In addition, directors and executive officers are strictly prohibited from receiving personal loans of any kind from the Company. Any material transaction or relationship that reasonably could be expected to result in a conflict of interest should be disclosed. Employees, officers, and consultants should decline a material personal benefit from another company with which the Company has, is contemplating or is pursuing a business relationship, while directors should disclose such a benefit and abstain from decision-making on the matter.

The foregoing situations (and other similar to them), where your loyalties to the Company may be compromised, must be avoided. Conflicts of interest may not always be clear-cut. If you believe that you are involved in a potential conflict of interest, we expect you to discuss it with your supervisor or the Chief Executive Officer, and with respect to executive officers and directors, with the Board of Directors. If a conflict is determined to exist, you must disengage from the conflict situation or terminate your employment. Please refer to our Employee Handbook under "Conflicts of Interest" for more details.

SECTION 15. EQUAL EMPLOYMENT OPPORTUNITY AND HARRASSMENT


Our focus in personnel decisions is on merit and contribution to the Company's success. Concern for the personal dignity and individual worth of every person is an indispensable element in the standard of conduct that we have set for ourselves. The Company affords equal employment opportunity to all qualified persons without regard to any impermissible criterion or circumstance. This means equal opportunity in regard to each individual's terms and conditions of employment and in regard to any other matter that affects in any way the working environment of the employee. We do not tolerate or condone any type of discrimination prohibited by law, including harassment. Harassment of any kind whether verbal, physical, or visual that is based upon an individual's race, color, religion, sex, sexual orientation, pregnancy, age, disability, national origin, marital status, ancestry, medical condition, veteran's status or any other legally protected status is specifically prohibited. For more information concerning our anti-discrimination and anti-harassment policies, you should refer to our Employee Handbook entitled "Equal Employment Opportunity" and "Policy Against Harassment."

SECTION 16. PROTECTION AND PROPER USER OF COMPANY ASSETS

All employees, consultants, and directors should protect the Company's assets and ensure their efficient use. All Company assets should be used for legitimate business purposes only. Please refer to the Employee Handbook for more information under "Company Property"

SECTION 17. WAIVERS OF THIS CODE

From time to time, the Company may waive certain provisions of this Code. Any employee, officer or director who believes that a waiver may be called for should discuss the matter with our General Counsel or Chief Executive

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Officer, who has authority to decide whether to grant a waiver. Waivers for executive officers (including Chief Financial Officer and controller) or directors of the Company may be made only by the Audit Committee of the Board of Directors and will be promptly disclosed to the extent required by law, rule, or regulation. Violations of the Code by our executive officers or directors may also be immediately disclosed on a Current Report on Form 8-K.



CONFIRMATION CERTIFICATE

I have been provided with a copy of the Code of Business Conduct and Ethics of Avid Bioservices, Inc. I acknowledge that I have read the Code and understand my responsibilities under it. I further acknowledge that I should follow the compliance procedures described in the Code.

Name:

Signature:

Date: