

Bandag, Incorporated	
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Introduction

This Global Ethics Policy (Policy) establishes the ethical code based on the premise "It's the right thing to do". It also clearly establishes the responsibility of every Company employee (and those who represent the Company) to practice and support this code. When used in this Policy, the term "employee" includes all members of the Board of Directors of the Company, unless the context requires otherwise.

This Policy is not intended to address every ethical issue an employee might face; it is not a summary of laws and policies; and it is not a substitute for good judgment. The Policy is a guide and a resource to help all of us deal with ethical issues that arise as we conduct business. The Company issues more comprehensive and detailed policies and guidelines for certain ethical and employee conduct subjects where warranted.

A policy is effective only when EVERYONE – managers, officers, directors and employees -- reads, understands and uses it to guide their actions and decisions. The Global Ethics Policy Coordinator is responsible for overseeing the day to day implementation, communication, understanding and compliance issues.

The greatest imperative for following this Ethics Policy is to motivate and guide all employees to "Do What is Right". Successful implementation of the Policy will provide the benefits of:

- Avoiding financial loss in the form of legal fines or judgments
- Fostering employee pride in our organization
- Helping employees address moral dilemmas
- Improving the Company's reputation

A critical key to successful implementation of and compliance with this Policy is a sincere belief in the policy and a total commitment to active support by all employees.

A second critical key to success is the understanding by all employees that this Policy represents the ethical guidelines by which each person will perform his or her duties, that disagreement with the guidelines must be resolved and non-compliance is not acceptable.

It is important to emphasize that the Policy applies to every employee of Bandag, Incorporated and any of its facilities and subsidiaries (the Company), and that the Policy governs their conduct as they engage in all business activities.

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BANDAG INCORPORATED* GLOBAL ETHICS POLICY

I. Responsibility to Each Other

Human Dignity

Safety and Health

Personal safety is fundamental to human dignity. This organization will not knowingly implement any action which, in turn, could cause injury or ill health. Because people are this Company's greatest asset, all managers will promote and enforce safety and health principles and actions as an integral part of their leadership. Employees' safety will not be compromised.

The Company is committed to providing employees an environment in which they can work safely. Equally, employees must be committed to safely performing their duties.

To support this commitment, each employee is responsible for observing safety and health requirements and for taking precautions necessary to protect themselves and coworkers. Each employee must immediately report accidents, injuries and unsafe work practices or conditions. All managers shall support this process and shall correct or provide safeguards for known unsafe conditions or activities in a timely and appropriate manner.

Because one employee's action or lack of action can affect the safety of many employees, each employee must be free from the influence of any substance that could diminish his or her safety or the safety of others in the workplace.

Diversity

The diversity of the Company's employees is one of the Company's greatest assets. Utilizing the unique strengths of each individual enables decision-making that serves a broad spectrum of customers in global markets. The Company actively seeks and promotes diversity within the workforce.

The Company is firmly committed to the fair and equitable treatment of all employees as well as applicants for employment. All applicants and employees are judged by their qualifications, skills and achievements.

The Company supports all international and local laws prohibiting discrimination based on a person's race, color, gender, national origin, age, religion, disability, veteran status, marital status, sexual orientation or other protected characteristics. The Company will, at a minimum, comply with employment laws in every country in which it operates. The Company will not knowingly employ persons under 16 years of age on a full-time basis.

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Harassment

The Company's employees have the right to work in an environment that is free from intimidation and harassment. Verbal or physical conduct by any employee or manager that harasses another, or disrupts another's work performance or creates an intimidating, offensive, abusive or hostile work environment will not be tolerated.

In addition, unwelcome sexual advances, requests for sexual favors and other unwelcome verbal or physical conduct of a sexual nature are specifically prohibited. Employees are encouraged to help one another by speaking out when anyone engages in conduct which makes them or others feel uncomfortable. All employees and managers are responsible for reporting harassment when it occurs.

The Company has a separate Anti-discrimination and Sexual Harassment Policy which should be referred to for proper conduct.

Integrity

Responsibility and Accountability

Business integrity is hard to define, but virtually everyone knows it when they see it. Among other things, it means being honest and obeying the law. It means treating those with whom we work with fairness and respect. It also means being accountable and taking responsibility for our actions.

Reporting Violations

In a continuing effort to provide a safe, professional and honest working environment, the Company has established the "Bandag Ethics Hotline". This hotline is to be used to report violations or suspected violations of any law or regulation, of this Policy, or any other unethical acts being committed by an employee, such as fraud, violence, harassment, theft, etc. All reports will be held strictly confidential and can be reported anonymously. You will be asked to provide specific information relating to dates, times, locations, people involved and witnesses, if any. Reports may be submitted anonymously at:

- 1-800-461-9330 within the United States and Canada (toll-free)
- 1-720-514-4400 which can be accessed globally (collect call)
- www.mysafeworkplace.com (website address)

Employees may also report known or suspected violations directly to the Global Ethics Policy Coordinator or Legal & Risk Management Services or any member of the Company's senior management.

In addition, if any member of the Board of Directors believes that this Policy has been violated or the Company has or is about to violate a law or regulation, or a member of the Board of Directors believes that he or she is being asked to violate this Policy or a law or regulation in the performance of duties for the Company, the member of the Board of Directors may report the matter directly to the Chairman of the Audit Committee.

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No retaliation will be taken against anyone for providing information respecting any actions or omissions that they reasonably believed constituted unethical behavior or a violation of any law, regulation or this Policy. Any employee threatening, harassing, or in any way discriminating against another employee for reporting a matter in good faith will be disciplined.

All reports will be investigated immediately by the appropriate Company management and the Global Ethics Policy Coordinator. An employee found to have violated this Policy, including the failure to comply with and sign the annual Conflict of Interest Statement, will be subject to appropriate disciplinary action, ranging from warnings to termination or removal.

II. Responsibility to Our Shareholders

Accuracy of Business Records

Honest and accurate recording and reporting of information is extremely important. Investors rely on the Company to provide accurate information about its business operations and to make responsible decisions based on reliable records. Our financial statements will be prepared in accordance with U.S. generally accepted accounting practices (GAAP), applying estimates, as necessary, in the reporting, timing and amount of financial transactions.

All financial books, records, accounts and reports, whether for internal or external use, must accurately reflect transactions and events and must conform to GAAP and to the Company's system of internal controls. Undisclosed or unrecorded funds or assets are not allowed. Employees who are uncertain about the validity of an entry or process should consult the Corporate Accounting Department.

Inquiries from Shareholders, Analysts and the Media

The Company has an obligation to accurately and completely report all material facts when providing information to shareholders, securities analysts and the news media. Employees receiving inquiries regarding Company activities, results, plan, or its position on public issues should not respond but should refer the request to the designated corporate spokesperson to ensure the Company complies with its obligations.

Protecting Company Assets

All employees are entrusted with numerous Company assets and have a special responsibility to protect them. This includes not only cash and other financial assets, but also property, equipment, inventory, supplies, trade secrets, confidential information and intellectual property.

Company resources may be used only to conduct Company business or for purposes authorized by management.

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Confidential Information

One of the Company's most valuable assets is information. Information that is not generally disclosed and is proprietary to the Company (or would be useful to competitors) must be protected. All employees must take responsibility to safeguard confidential information by keeping it secure and limiting access to those who need it to do their jobs. Discussion must be avoided where it could be overheard (e.g., on planes, cellular phones, two-way radio, etc.). The obligation to preserve the Company's confidential information is continuous, even after employment with the Company ends.

All information concerning investment and business opportunities intended for or of interest to the Company which is developed by or comes to the attention of an employee shall be presented to the responsible executive or Corporate Officer and may not be diverted by the employee for personal gain unless such opportunity is specifically sanctioned by the appropriate executive or Corporate Officer.

Intellectual Property

To the extent permitted by law, all employees, whether or not engaged in creative work on behalf of the Company, must assign to the Company all interests in their inventions, discoveries, patents, patent applications and copyrightable material invented, created, conceived or developed during their relationship with the Company and related to, or useful in, any current or proposed business or activity of the Company.

The Company will vigorously protect its rights in valuable intellectual property, such as patentable inventions, copyrightable works and trademarks in all countries where the Company does significant business and, where appropriate, to use prescribed notices of rights on products, product literature and advertising. Employees must be alert for any infringements of the Company's intellectual property rights and report them to Legal & Risk Management Services.

Conversely, the Company will not knowingly infringe on the intellectual property rights of others.

The Company has a separate Intellectual Property Policy which should be referred to for proper conduct.

Conflicts of Interest

The Company's shareholders expect that business decisions are made in the best interest of the Company. Employees should avoid any situation that creates or appears to create a conflict between personal interests and the interests of the Company.

The best way to avoid embarrassing conflict of interest situations is to disclose any activities that could have the potential to be misinterpreted by others, including employees, customers, suppliers and the public. Questions about potential conflict of interest situations, as well as disclosure of these situations as they arise, should be addressed to the Global Ethics Policy Coordinator.

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Employees may not own, either directly or indirectly, a substantial interest in any business doing or seeking to do business with, or that is in competition with the Company, without written approval of the Global Ethics Policy Coordinator. As a guide, "substantial interest" includes the ownership by an employee and/or family members of more than 5% of a Company's outstanding securities or that represents more than 5% of the total assets of the employee and/or family members. Employees are also prohibited from directly or indirectly buying, leasing, or otherwise acquiring rights to any property or materials if they believe the Company may also be interested in pursuing such an opportunity.

Employees may not work for or receive payments from any business entity that does or seeks to do business with, or is in competition with the Company without written approval of the Global Ethics Policy Coordinator. A conflict of interest may also arise if an employee's outside employment activities are so demanding that they interfere with the employee's ability to fulfill his or her responsibilities to the Company.

All employees of the Company are required to complete and sign the annual Conflict of Interest Statement.

Insider Trading

Confidential information may not be used for personal benefit. It is illegal to trade securities or to tip others to trade securities of the Company or other companies on the basis of material information before it is made publicly available to ordinary investors through appropriate media channels. Such information includes news about acquisitions, investments, new business relationships, financial results, important management changes and other information that has the potential to affect the stock price of the Company or another company.

If doubt exists as to whether the information is material or has been released to the public, employees should not trade any securities until they have consulted with the Global Ethics Policy Coordinator or the Chief Financial Officer. To avoid the appearance that a Company employee is trading based on inside information, employees should not engage in "short sales," or trade in "puts", "calls" or other options on Company stock. Employees may of course purchase Company stock and exercise options granted to them, as long as they are not basing their decisions on inside information.

III. Responsibility to Our Business Partners

We depend on strong business relationships with our customers, suppliers and other business partners who help us provide high quality, value added products and services.

Doing Business with Bandag

The Company believes in doing business with those suppliers, contractors, joint venture partners, agents, sales representatives, distributors and consultants who embrace and demonstrate high principles of ethical business behavior.

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The Company will not knowingly use suppliers who operate in violation of applicable laws or regulations, including national or local environmental, employment or safety laws. The Company will not do business with suppliers who it knows employ non-family members under the age of 16 on a full-time basis, employ forced labor or use corporal punishment to discipline employees, regardless of whether such practices are permitted by applicable law.

Sales and Marketing Principles

The Company will compete for business aggressively and honestly. Marketing activities involving the Company products and services will focus on protecting the integrity of the Bandag brand, which is based on value, quality, distinctiveness and fair pricing.

Promotional programs will use honest advertising principles and will avoid defamatory comments of others. Products, services and price attributes will not be misrepresented. False claims about competitors' offerings are not acceptable. Applicable anti-trust laws will be complied with. Offering or accepting bribes or kickbacks is prohibited.

Purchasing Principles

All purchasing decisions must be based on the best value received by the Company. Employees must ensure that personal or family relationships do not influence or appear to influence objective business decisions. Obtaining competitive bids, verifying quality and service claims on a regular basis and confirming the financial and legal condition of the supplier are all important steps in a good purchasing decision. Agreements must be in writing and clearly describe the services or products to be purchased, the basis for payment and the applicable fee, rate or price. The amount must not be excessive in light of industry standards and must be commensurate with the services provided.

Gifts, Favors and Entertainment

In many industries and countries, gifts and entertainment are accepted practices to strengthen business relationships. Employees of the Company should never accept or provide a favor, gift or entertainment if it will obligate or even appear to obligate the recipient.

Gifts or entertainment may be provided if they are reasonable complements to a business relationship. They should be of modest value and, in any event, they must not violate any law or any policy of the recipient's company.

The Company has chosen not to set a specific limit on the value of gifts or entertainment which can be received under this policy. The main emphasis shall be that the employee of the Company or one of its subsidiaries should be careful to avoid the appearance or implication that an obligation has somehow been created in conjunction with the gift. It is quite common, for example, for the Company's service and product suppliers to host annual activities or outings which have a monetary value higher than \$25 or whatever amount might be considered by some to be more than "nominal". However, if there is a valid business reason for attending such functions, such as enhancing or strengthening the business relationship with the supplier, then it is acceptable for the Company employee to attend.

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Special Circumstances: Excluding the U.S., Canada, Japan or the EC

In many parts of the world, it is customary or even necessary for corporations to make "facilitating" or "grease" payments to government officials whose duties are essentially clerical or ministerial to persuade them to perform functions or services which they are obliged to perform as part of their governmental responsibilities, but which they may delay unless compensated. It is the Company's policy to strongly discourage these payments. However, the Company does not prohibit these payments if each of the following conditions is satisfied:

- The payment is not made to any government official in the following countries: United States, Japan, Canada, or countries which are members of the European Union.
- The action to be facilitated by the payment must be of a clerical or ministerial nature.
- The payment must not be to obtain preferential treatment, but rather to obtain action to which the Company is routinely entitled.
- Payments must be of a nominal amount. If such payments to any one official exceed \$500 (or equivalent) per year or \$100 (or equivalent) per transaction, employees should obtain approval of the responsible officer. Souvenirs or Christmas gifts with a value not in excess of \$25 (or equivalent) are not prohibited by this Policy.
- The amount of such payments must be accurately recorded on the books and records of the local Company entity.

Competitive Information

Information about competitors, customers and suppliers is a valuable asset in the highly competitive market in which the Company operates. The Company will obtain this information legally. Theft of proprietary information, including disclosures by a competitor's past employees or even actions that could create the appearance of improper agreements with competitors or their employees is prohibited.

Antitrust or Anticompetitive Practices

Antitrust laws in the United States, competition laws of the European Union, and various laws in many other countries where the Company does business, encourage companies to compete aggressively to increase their sales, market share and profits. The Company believes in free trade and open competition that fully complies with these laws.

The Company employees or representatives may not share information or enter into any formal or informal agreement or discussion with competitors that deals with pricing or discusses or allocates production, sales territories, products, services, customers or suppliers.

The Company employees or representatives may not enter into any formal or informal agreements with customers or suppliers, or even facilitate such agreements, which establish the resale price of a product or service, or limit a customer's right to purchase other Company products or services.

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Decisions to terminate certain business relationships, the pricing of a product below cost and certain other selling practices may be constrained by local or national laws and regulations. The Global Ethics Policy Coordinator should be consulted if there are any questions regarding these issues.

In all cases, Legal & Risk Management Services must be consulted with before any Bandag franchisee relationship is altered or terminated.

IV. Responsibility to Our Communities

The Law

The first and foremost obligation of our employees is to obey the laws of the countries and communities where the Company does business. The fact that certain practices in some countries, although illegal, are not subject to enforcement or widespread public criticism or censure, does not excuse any illegal action by a Company employee.

Community Commitment

The Company is proud of its contribution to the economic and social development of the communities where it has operations. The Company strongly encourages the people in each of its facilities to become actively involved in the life of the community by sponsoring and participating in initiatives for the betterment of the quality of life. No one in the Company, however, may bring undue pressure on another employee to contribute to a charitable organization.

Environment

The Company is committed to protecting the quality of the environment around the world through sound environmental management. The Company will meet or exceed applicable environmental laws and regulations applicable to its operations.

The Company strives to continuously improve products and manufacturing operations to further reduce their environmental impact, and to reduce levels of waste materials generated and energy and water consumed. Each Company facility and its employees will comply with all applicable environmental laws, regulations and Company policies.

Political Activities

The Company respects the right of each employee to participate in the political process and to engage in political activities of their own choosing. While involved in their personal civic and political affairs, employees must ensure their actions and views are their own and that they do not represent the views of the Company. Employees may not use the Company resources to support their choice of political parties, causes or candidates.

U.S. laws generally prohibit corporate contributions of any kind to political candidates, parties or committees in connection with a U.S. federal election. Where corporate contributions for political candidates or campaigns are permitted by law, approval from Legal & Risk Management Services must be obtained before making any corporate contribution, whether it is financial or a contribution-in-kind.

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Lobbying actively on behalf of the interests of the Company is permissible, but highly regulated by law. Employees who communicate with government officials on issues that affect the Company must contact the Corporate Communications Department and the Global Ethics Policy Coordinator to ensure that such activities fully comply with the law and that the Company's lobbying efforts are coordinated.

The Company will honor local laws and applicable U.S. laws governing interaction with government officials outside the U.S. The U.S. Foreign Corrupt Practices Act (FCPA) prohibits Company personnel from directly or indirectly offering, promising or authorizing payments, or gifts of anything of value, to government officials, political parties or candidates for the purpose of influencing their actions or decisions.

Government Requests

The Company will cooperate with every reasonable request from government agencies and authorities in connection with legal proceedings. The Company is entitled to all of the safeguards provided by law to a person or corporation being investigated, including representation by legal counsel from the beginning of the investigation. All requests for information or Company records other than what is provided on a routine basis must be reported immediately to Legal & Risk Management Services.

All information provided in response to such government requests and legal subpoenas must be truthful and accurate. Care should be taken not to mislead any investigator, and employees must never alter or destroy documents or records requested by a government investigation.

International Trade Regulations

U.S. and other laws govern the conduct of trade for all the Company businesses. By law, the Company employees and agents may not cooperate with an unsanctioned foreign boycott of countries friendly to the United States. Several U.S. laws restrict trade with certain countries. The Company operations worldwide must comply with U.S. export restrictions as well as applicable export control laws of all countries where they conduct Company business. Employees and agents who are uncertain of the legal trade status of any country must contact Legal & Risk Management Services.

V. Compliance with the Global Ethics Policy

All Employees Set the Example

All Company employees are expected to exemplify the highest principles of ethical business conduct and are encouraged to communicate and promote discussion of the Global Ethics Policy with members of their departments or business units. This also means that managers must not personally engage in or delegate authority to those who engage in conduct that violates this Policy.

Awareness

It should be made clear by all Company managers to employees of their departments and business units that individuals are encouraged to report known or suspected violations of this Policy to the Global Ethics Policy Coordinator or Legal & Risk Management Services or any member of the Company's senior

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management without fear of retaliation. Any employee responsible for retaliation against an individual who in good faith reports a known or suspected violation, and any employee who knowingly submits a false report will be subject to disciplinary action up to and including termination of employment.

Communication

The Company management must recognize the continuing success of this Policy depends greatly on their “visible” attitudes and actions. Their words and deeds must stimulate positive attention to the Policy at every opportunity. Geographic leaders, business unit and department managers have a responsibility in communicating and promoting this Policy as well; but it is corporate executive leadership that can best communicate the Company’s values through actions and communications that illustrate their commitment to ethical business standards.

Waiver of Compliance

Only the Board of Directors may waive provisions of this Policy with respect to members of the Board of Directors and executive officers of the Company and only the Board of Directors may amend any provision of this Policy. All waivers of this Policy for members of the Board of Directors and executive officers, or amendments to this Policy, must be publicly disclosed (to the extent required) in a manner that complies with the requirements of the Securities and Exchange Commission, the listing standards of the New York Stock Exchange and other applicable laws. All waivers of this Policy with respect to other employees must be approved in writing by the Global Ethics Policy Coordinator.

Values-Based Policy

This Policy is intended to be primarily values based, aimed at offering employees guidance through establishing standards for helping them make proper decisions. While it is impossible to avoid some references to adverse consequences of violating this Policy, most of this Policy is directed toward proper decision making, not punishment.

Employees should ask themselves the following questions regarding compliance with the Policy:

- Is the action or activity legal?
- Would it make me feel bad?
- Is it consistent with the Company’s Guiding Principles and Cultural Practices?
- Would I want my parents to read about it in the newspaper?
- Would failing to act make the situation worse or allow a “wrong” to continue?
- Does it follow the “Golden Rule” (e.g., “Do unto others as you would have done to you?”)
- Am I being fair and honest?
- Will my action stand the test of time?
- Will I sleep soundly tonight?
- What would I tell my child to do?

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The following warning flag statements may indicate when an employee may be on “thin ethical ice.”

- “Well, maybe just this once...”
- “No one will ever know...”
- “It doesn’t matter how it gets done, just so it gets done...”
- “It sounds too good to be true...”
- “Everyone does it...”
- “Shred that document...”
- “We can hide it...”
- “No one will ever get hurt...”
- “What’s in it for me?”
- “This will destroy the competition.”
- “We didn’t have this conversation.”

Administration – Responsibilities

The Vice President and Treasurer will serve as the Global Ethics Policy Coordinator. He shall consult with the Company's Global Business Units regarding the promotion and administration of the Global Ethics Policy, and collect and review annual conflict of interest statements.

Questions

Violations, complaints and questions should be directed to the Global Ethics Policy Coordinator. They may come in the form of calls, letters, e-mails or voice-mail (audix). They can be made anonymously. A hotline, as described on page 4 of this Policy, is furnished to facilitate reports from employees who do not wish to be identified. Confidentiality will be maintained to the fullest extent possible, no matter which method of communication is chosen. Reports or questions will be handled by the Global Ethics Policy Coordinator in a prompt, thorough, fair and discreet manner.