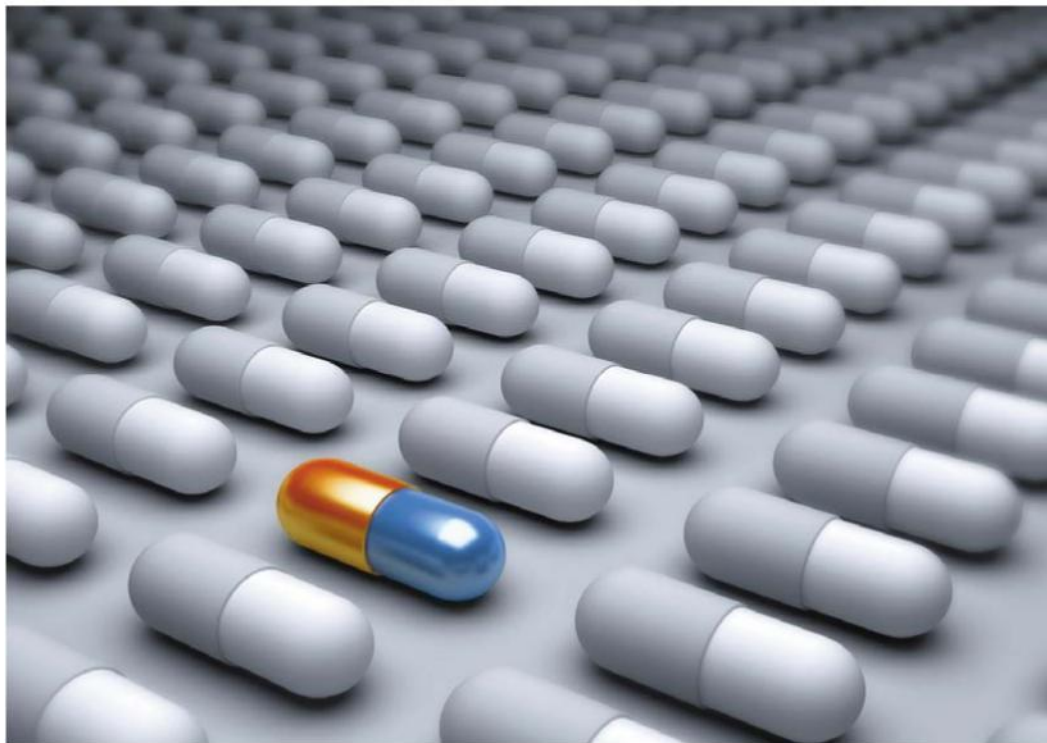




**CODE OF BUSINESS  
CONDUCT AND ETHICS**



**PHARMERICA CORPORATION CODE OF BUSINESS**

**CONDUCT AND ETHICS**

**A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER**

At PharMerica, we strive to be the nation's leading provider of pharmacy programs and services for patients in hospitals and long-term care settings, and to set industry standards for consistent quality pharmacy services and innovative solutions. The principles of value, trust and performance guide our strategic and operational decisions as we deliver industry-leading performance every day. As part of our mission, it is essential that all of us – each director, officer and employee of the Company – commit to a high standard of ethics, and conduct the Company's business with honesty and integrity to make the right decisions and take the correct actions. We must all contribute to PharMerica's overall reputation and accept individual responsibility for ensuring that these standards are met.

This Code of Business Conduct and Ethics will assist us all to make the right choices as we use our talents, creativity and energies to help us deliver value to our clients. I ask that you keep this booklet in a convenient place where you can refer to it should any questions regarding business conduct arise. Although the Code of Conduct is designed to answer many of the issues you might encounter, it cannot cover every situation the workplace can present. Therefore, if anything is unclear, or if you have any questions at all, please do not hesitate to discuss the matter with your supervisor or manager, or to contact the Legal Department, the Chief Compliance Officer, a member of the Compliance Department, a member of the Company's Compliance Committee, or any of the other channels the Company readily makes available to you. A page at the back of this Code of Conduct lists the current Compliance Officer, Compliance Department members, members of the Company's Compliance Committee, and the HIPAA Privacy Officer as well as how you may contact them.

Thank you in advance for your cooperation and commitment.

PharMerica Corporation

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## **SCOPE**

This Code of Business Conduct and Ethics (the “Code” or “Code of Conduct”) applies to all affected individuals<sup>1</sup> including, without limitation, directors, officers, employees and contractors (and all family members thereof)<sup>2</sup> of PharMerica Corporation (also referred to as the “Company”). The Code is intended as a general guide for performing our functions and activities in accordance with sound ethical principles and in compliance with all applicable laws. We are all expected to understand and adhere to the legal standards and ethical principles established in the Code, and to comply with all federal, state and local laws, regulations and rules, including federal securities laws. The Company expects all of its employees, directors and contractors to comply with all Federal health care program and Controlled Substances Act requirements and with the Company’s own policies and procedures. The Company maintains a robust Compliance and Ethics program that includes systems to identify and respond to compliance risk areas as well as training programs to detect and mitigate risks.

## **GENERAL REQUIREMENTS**

### **Annual Acknowledgment**

Compliance with this Code is a condition of employment or contract with the Company,<sup>3</sup> and every officer, employee, director, contractor and other affected individual will have access to a copy of this Code, via printed or online material, to review at the outset of their employment or other relationship with the Company. This Code is also available on our website, PharMerica.com. You also will be asked to review the Code again from time to time. Whenever you review the Code in response to a request from the Company, you must sign an Acknowledgment Form indicating that you have read the Code and agree to abide by its principles. The Company considers the performance of job responsibilities in a manner consistent with the Code of Conduct an element in evaluating the performance of all employees, officers, directors and contractors.

### **Reporting a Problem**

We are all expected to follow the principles of ethical conduct outlined in the Code. In addition, to ensure that the Company continues to operate in accordance with the Code and in compliance with all laws, every officer, employee, contractor and other affected individual is required to promptly report any suspected violation of the Code or the law, including any Federal health care program or Controlled Substance Act requirements, or the Company’s own policies and procedures. To report violations or if you have a question about the Code or need help on how to comply with it in a given situation, you may contact any of the following resources:

- the Chief Compliance Officer;

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<sup>1</sup> “Affected Individuals” means all governing body members, all executives, all affected employees and all affected appointees and persons associated with the provider including vendors involved in billing, finance and patient care.

<sup>2</sup> This includes spouses, children, stepchildren, parents, stepparents, brothers, sisters, grandparents and in-laws with you.

<sup>3</sup> The Code is not intended to and does not create a contract of employment or assurance of continued employment.

- the General Counsel;
- any member of the Compliance Department; or
- any member of the Company’s Compliance Committee.

You can be assured that your report will be kept confidential.

### **Anonymous Reporting**

In addition to reporting to an individual, a hotline is available on a twenty-four hour, seven days-a-week basis at (800) 793-7741 (the “Hotline”) for anonymous and good-faith reporting of potential compliance issues as they are identified. The Hotline is managed by an outside third-party vendor and provides the opportunity to report anonymously violations of the Code that involve actual or suspected illegal activity or discriminatory conduct. These may include suspected violations of any Federal health care program requirements, the Company’s own policies and procedures, any other issues associated with the Company’s policies or practices with respect to a Federal health care program that you believe to be a potential violation of civil, criminal, or administrative law, theft, drug or alcohol use, violations of compliance or safety regulations, violations of the workplace violence policy, violations of the workplace or sexual harassment policies), or violations of patient privacy. This list is not exclusive and does not include every possible violation of law or policy.

You may make a report anonymously on the Hotline or via other direct and indirect methods to the Company’s Compliance Department or related Federal and state agencies.<sup>4</sup> Callers are given a number and have the opportunity to call back to check on the status of his/her report. You may also disclose your identity. It is up to you. It is easier for the Company to investigate a concern if it can consult with the person making the report. You should not feel obligated, however, to disclose your identity. If you choose to identify yourself on the call, you can be assured the identity of anyone who calls the Hotline is never publicly disclosed within the Company and your call will remain confidential wherever possible, subject to the Company’s need to investigate the report. The Hotline can also be used to assist you with questions or concerns about the Code and how it applies to your daily activities. Do not hesitate to call.

### **Failure to Report a Problem or False Reporting**

It is an obligation of all employees, officers, directors, contractors and other affected individuals to report violations of the Code or the law. Anyone who fails to report a suspected violation of the Code or the law or who deliberately makes a false report for the purpose of harming or retaliating against another person may be subject to disciplinary action.

### **Non-Retaliation/Non-Intimidation**

Company policy prohibits retaliation and intimidation against officers, employees or other affected individuals who report violations of the Code in good faith using any of the procedures described herein, or who assist in any investigations into such reports, regardless of the recipient

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<sup>4</sup> Reporting agencies may include, but are not limited to, the United States Department of Health & Human Services Office of Inspector General, the Centers for Medicare & Medicaid Services, the Drug Enforcement Administration and the Department of Justice as well as state HHS and Medicaid agencies including state Office of Medicaid Inspectors General.

of the report including, without limitation, reports to Federal and state agencies. Anyone who retaliates because of such a report, or who interferes in the investigation into a report, will be subject to disciplinary action. Forms of retaliation include, but are not limited to, discharge, demotion, suspension, harassment, or in any other way discriminating against or unfairly singling out an individual for reporting a suspected violation of the Code. Reporting in good faith does not mean that the reported concern must be correct, but just that the individual making the report does so with a good faith basis for his or her belief that a violation of the Code has or may have occurred and the individual is truthful in making the report. It will be left to the Company to determine whether or not an actual violation has occurred. If you report a violation or potential violation and believe you have been retaliated against, report that immediately to the Chief Compliance Officer, a member of the Compliance Department, a member of the Company's Compliance Committee, or the Company's General Counsel.

### **Investigating and Responding to Reports**

The reports from the Hotline are managed by the Chief Compliance Officer, who may utilize other areas so that an appropriate investigation can be conducted. If you have identified yourself on your call or if you have reported a potential violation you are expected to cooperate with the Company's investigation. All reports will be reviewed and, if necessary, will be investigated promptly and without delay. If the investigation substantiates a suspected violation, the Company will initiate corrective action, including, as appropriate, promptly refunding any overpayment amounts, notifying appropriate government agencies, taking disciplinary action, implementing systemic changes to prevent a recurrence of the problem in the future or other appropriate corrective action.

### **Disciplinary Actions**

Disciplinary action may be taken against anyone who is determined to have:

- authorized or participated in activities that violate the Code or the law, including all Federal health care program and Controlled Substances Act requirements;
- failed to report a violation of the Code or the law;
- made a false report regarding a suspected violation for the purpose of harming or retaliating against another person;
- failed to cooperate in an investigation or interfering with an investigation; or
- retaliated against an individual for reporting a suspected violation or for participating in an investigation.

The type of action taken will depend on the nature, severity and frequency of the violation and may include any or all of the following: reprimand, training, probation, suspension, reduction in salary or bonus, demotion or dismissal. Disciplinary actions will be fairly and evenly enforced. The Company may dismiss the officer or employee, seek to recover any illegal payments and, where applicable, prosecute the officer or employee and any other parties involved. In addition, disciplinary action will be taken against any superior of the officer or employee who directs or approves the action that constitutes an infraction of these rules, or who has knowledge of such actions and does not take prompt measures to prevent or correct them. If you have reason to believe that a director, officer, employee, contractor or other affected individuals has violated this

Code, you should immediately report the violation using the one of the reporting options outlined above.

## **KEY PRINCIPLES**

### **Compliance with Laws**

In performing our job duties and responsibilities, we shall comply with all federal, state and local laws, regulations and rules, including federal securities laws, all Federal health care program requirements, federal and state fraud and abuse laws, Controlled Substances Act requirements, laws regarding billing and claims submission, and federal and state patient privacy laws. The Company is committed to fill all prescription drug orders including, without limitation, Controlled Substances prescriptions, dispense all prescriptions including, without limitation, Controlled Substances, and submit accurate claims consistent with such requirements. Please note, this is not an exhaustive list of all laws.

- **Compliance with Fraud and Abuse Laws**

Offering anything valuable to a person or entity to induce them to purchase, recommend the purchase of, or make a referral for any type of healthcare goods or services for which payment may be paid, in whole or in part, by Medicare, Medicaid or another federal healthcare program is generally prohibited and maybe a violation of certain Federal and state fraud protection statutes and regulations. Such payments are sometimes called “kickbacks.” Upfront cash payments, free products and services, reimbursement of personnel costs and lavish gifts or entertainment are examples of payments that may be considered unlawful kickbacks. “Swapping” or offering a discount in exchange for referrals of Federal health care program business may be a kickback. These laws are complex and violations of them are subject to severe punishment, including both civil and criminal sanctions for both the Company and the individual involved, as well as exclusion from participating in federal healthcare programs. If you have any questions about these laws, do not hesitate to speak with the Company’s Chief Compliance Officer or a member of the Compliance Department.

The Company has established various policies and procedures, including but not limited to, those relating to the offering and accepting of “kickbacks”. Employees, officers and directors should respect and comply with these policies and procedures.

This general prohibition on offering incentives to customers and suppliers does not apply to offering or receiving rebates or other discounts as long as these are clearly identified as such and the customer is made aware of its obligation to account for and properly report any discounts in accordance with applicable law and certain other requirements are met. Contact the Legal Department before proposing any such arrangement to ensure that the proposal is a legally permissible one.

- **Compliance with Billing and Claims Submission Laws**

The Company may only bill and submit claims for items and services actually provided. Claims must be accurate and reflect the medication or supplies provided. Employees only may submit claims on behalf of the Company that are accurate. Intentionally or knowingly submitting inaccurate or fraudulent claims to government or commercial payors may subject the Company and participating individuals to prosecution. The Company has policies and procedures for claims submission.

- **Compliance with HIPAA and State Privacy Laws**

Officers, directors and employees and all other affected individuals must comply with the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 and the regulations related to those provisions (collectively, “HIPAA”) and state privacy laws protecting the privacy and security of individually identifiable health information. Please see “Confidential Patient Information” later in this Code.

## **Disclosure of Exclusions and Discipline**

Officers, directors, employees and other affected individuals must:

- Immediately notify your supervisor or Human Resources if you have been placed on any state or federal exclusion lists, including the U.S. Department of Health and Human Services Office of Inspector General (OIG) or General Services Administration (GSA) exclusion lists.
- Immediately notify your supervisor or Human Resources if any of your employment-related professional licenses have expired, or have been revoked, disciplined, or sanctioned.

## **Fraud**

Company policy strictly prohibits fraudulent activity in any form. Fraud can take many forms but at its heart involves intentional deceit. In addition to being unethical and a violation of this Code, fraudulent activity is usually unlawful and may subject the violator to possible civil and/or criminal liability. Fraud can include, but is not limited to:

- misappropriation of Company assets;
- embezzlement;
- forgery;
- unauthorized handling or reporting of Company transactions that is not in conformance with generally accepted accounting principles (i.e., bill and hold inventory or backdating customer invoices);
- inaccurately confirming that the Company’s control environment is operating effectively in conformance with Sarbanes-Oxley regulations; and
- falsification of Company business records or financial statements.



- payment or receipt of illegal kickbacks or remuneration.

If you suspect that any fraudulent activity has occurred, you must immediately report that concern to the Chief Compliance Officer and the General Counsel. Any substantiated acts of fraud will result in serious disciplinary action, up to and including likely dismissal of the officer or employee involved in the transaction and possible criminal prosecution.

### **Fair Dealing**

No one should take unfair advantage of anyone through manipulation or abuse of privileged information. No officer, director or employee may take proprietary information belonging to another company and use it for Company business.

We must also all comply with federal antitrust laws. The antitrust laws are intended to create a level playing field in the marketplace by eliminating unreasonable restraints on trade, monopolization, price discrimination and unfair trade practices. You must be particularly careful in your interactions with the Company's competitors and exercise extreme care to avoid any improper discussions at trade association meetings or other trade events where competitors may interact. If you are not careful, you could violate these laws if you discuss or make an agreement with a competitor regarding:

- prices or pricing strategy;
- discounts;
- terms of the Company's customer relationships;
- sales policies;
- marketing plans;
- customer selection;
- allocating customers or market areas; or
- contract terms and contracting strategies.

Agreements need not be written, but may include informal or implicit understandings. Violation of the federal antitrust laws can result in severe penalties for the Company and for any employee or other person who participates in the violation. Any questionable practices should be brought to the attention of the Legal Department.

### **Competitive Information**

You shall compete fairly and honestly. Although information about competitors and customers is a valuable asset in the highly competitive industry in which we operate, market information cannot be obtained through misrepresentation, theft, invasion of privacy, coercion or illegal means. Such improper means to collect or use information may subject the Company or the individuals involved to lawsuits or criminal penalties.

## **Accepting Gifts or Other Benefits/Bestowing Gifts or Other Benefits**

- Employees shall not seek whether directly or indirectly, payments, loans, services, entertainment, or gifts from individuals or from the representative of any business concern doing or seeking to do business with the Company. Routine loans of reasonable amounts from commercial banks are excluded from this restriction.
- Executive officers and members of the Board of Directors may not accept personal loans from any person or entity doing business with the Company, nor may such person or entity guarantee any personal obligation of such executive officer or director. The foregoing shall not prohibit an executive officer or member of the Board of Directors from accepting a loan from a commercial bank or lender doing business with the Company provided that such loan is made in the ordinary course of such bank or lender's business on commercially reasonable terms.
- Employees may not furnish or offer to furnish any gifts, entertainment, meals, or anything of value to a person who has business dealings with the Company under circumstances that might create the appearance of impropriety. Such items may be provided, other than to governmental officials and employees, if they are reasonable complements to business relationships, of modest value, and not against the law or the policy of such recipient's company. Read Company policies and procedures before engaging in entertainment or providing any gifts. These items must also be documented on an expense report. Giving or receiving money or a cash equivalent as a business gift is prohibited.
- Giving gifts, meals or entertainment to any domestic or foreign governmental official or employee is highly regulated and often prohibited. A government official or employee is any individual employed by a federal, state, or local entity, or any foreign government, or a consultant acting on behalf of any such entity. For this reason, employees shall not directly or indirectly pay, give, offer or promise any entertainment or gift of value to any government official or employee without the prior written approval of the General Counsel.
- Meals and entertainment are only to be offered or accepted when both the employee and the individual or representative of a business concern are present and only in accordance with Company policy. Gifts, other than meals and entertainment, to officers and employees, or members of their families, with a value in excess of \$250 from or by any person or entity currently doing business or seeking to do business with the Company require advance written approval by his/her supervisor and the Company's Chief Executive Officer. Sponsored events that are part of Company authorized attendance at trade shows, seminars, or conventions do not require prior notice and approval.
- Gifts, meals and entertainment accepted when the individual or representative of a business concern are not present shall be reimbursed at fair value by the Company or the individual accepting the entertainment.
- Personal purchases of discounted merchandise through business contacts are prohibited unless such discounts are less than \$250 or are available to all Company employees.

## **Internal Controls; Accuracy and Integrity of Business Records**

Everyone has an obligation to protect the Company's assets and ensure their efficient use. Falsified, inaccurate or incomplete business records can cause significant administrative problems for the Company as well as tarnish our reputation for professionalism, and possibly expose the Company to civil and criminal liability. Therefore, it is essential that you personally strive to create and maintain complete and accurate business records, and conform to the internal accounting controls and record-keeping policies that have been established in order for the Company to meet both legal and business requirements.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, and must conform both to applicable legal, accounting and tax requirements and to the Company's system of internal controls. Falsification of any Company record is strictly prohibited. "Off-the-books" accounts and/or "slush funds" shall not be established for any purpose. No false or misleading information shall be submitted on any invoice, billing statement or claim submitted to a patient, customer, federal health care program or any other third-party payer for payment.

Anyone who has knowledge or information regarding any such false entries, funds or fraudulent activities must immediately report same to his/her supervisor. If you believe that reporting to your supervisor is not appropriate or would be ineffective, or if you have any questions regarding the proper use of Company assets, books and/or records, contact the Chief Compliance Officer or the Hotline.

The Company is required by law to maintain certain types of business records for specified periods of time. Failure to retain such documents for the required time periods could subject the Company to penalties and fines, place the Company in contempt of court, make it appear as if the Company is obstructing justice or put the Company at a serious disadvantage in litigation. Accordingly, among other things, you must:

- maintain all of the Company's records in a complete, accurate and truthful manner;
- comply with all applicable laws, accounting and tax practices in recording the Company's financial activities;
- never make false or misleading entries, records or documentation; and
- keep proper records as they are essential to enable the Company and its officers to comply with their obligations to make full, fair, accurate, timely and understandable disclosures in the Company's SEC filings and in other public documents. You must not take any action that could result in causing the Company's financial statements or public disclosures to be misleading.

The Company has established policies and procedures for the proper retention and destruction of records that all employees must follow. If you have questions about the records retention policies, please contact the Legal Department.

If you have concerns or complaints regarding questionable accounting or auditing matters of the Company, you are encouraged to submit those concerns or complaints (anonymously, confidentially or otherwise) to the Chief Compliance Officer or the Audit Committee in

accordance with the procedures established by the Company. For more information, please refer to the Company's Policy for Complaints Regarding Accounting, Internal Controls, and Auditing Matters, or ask your supervisor or manager, or contact the Legal Department.

### **Business Communications**

You must understand that all business communications may eventually become public through a variety of means, including government requests for information or litigation. Therefore, all communications, including e-mail, must be composed in a professional manner, with an expectation that they may be reviewed by a third party. Do not make any communications that include libelous, defamatory, offensive, racist or obscene remarks. Do not use business communications as a platform for personal matters or speculation. Do not make legal conclusions in your communications.

Only designated employees are authorized to represent the Company to the media. Any media requests should be forwarded to the President or Chief Financial Officer.

The Company is required to provide certain information to its equity and debt holders. In addition, the Company, from time to time, makes other public communications, such as in press releases. Anyone who is involved in the preparation of the Company's financial statements or public documents must ensure that the information disclosed in the financial statements or documents is complete, accurate, timely; no one may take any action that could result in the reports or documents being false or misleading. The Company has adopted certain disclosure controls and procedures in connection with its reporting and other public disclosures. You must strictly adhere to such controls and procedures.

### **Review of Contracts**

All significant contracts should be reviewed by the Legal Department before being signed. Legal review helps the Company:

- avoid contracts that are inappropriate or unlawful;
- identify and minimize unfavorable contract provisions; and
- enter into contracts that are appropriate for the business circumstances.

Legal review is also necessary to ensure that the contract is signed by a Company officer or employee with the proper level of authority. The Legal Department has developed standard forms of agreements for certain business matters that may be used without legal review provided they are used in accordance with the instructions for use accompanying such forms. Any deviation from any such standard form requires legal review. Contact the Legal Department if you have any need for contract review or if you have any questions pertaining to a contract.

### **Confidential Information**

Confidential business information is a valuable corporate asset to the Company that, if inappropriately disclosed, could harm the Company, its employees, its customers and its stockholders. "Confidential information" is any and all information, either of a proprietary nature or not otherwise publicly known, relating to the Company or any of its subsidiaries, clients,

business partners, suppliers and fellow employees. Confidential information includes, but is not limited to: financial data, marketing/sales information, client payment information, client or personal information, client lists, training and operations material and memoranda, computer code, trade secrets, pricing information and confidential information from partners and vendors. Everyone must hold in strictest confidence and shall not, directly or indirectly, in any manner, disclose to any person or entity, or use for the benefit of himself/herself or others, any information deemed confidential by the Company, except in connection with and for the benefit of the Company's business and in strict compliance with Company rules, policies and directives, or otherwise as expressly permitted in writing by the Company.

No one shall use knowledge of the Company's confidential dealings, learned through his/her association with the Company, for personal gain or advantage, nor shall anyone disclose such information to enable others to profit from it. In particular, directors, officers and employees who have information that could affect the price of Company stock or the stock of another business organization with which the Company does business shall not buy or sell such stock, unless and until the information has been released to the public.

If your employment or contractual relationship with the Company ends for any reason, you are still bound to protect the confidentiality of information you obtained while you were a Company employee. You must hold it in the strictest confidence and not use it to benefit yourself or any third party.

### **Confidential Patient Information**

Certain Company subsidiaries or divisions collect, maintain or have access to patient information such as medical conditions, medical history, medication history and financial information. Employees only may access health information as needed to carry out their Company jobs. Employees may never access patient information for any other reason. In accordance with HIPAA and state privacy laws and regulations, you may not use, disclose or discuss patient specific information with anyone in the Company unless it is required by the other person's job. You may not use, disclose or discuss patient specific information with others outside of the Company unless doing so is allowed by a HIPAA compliant business associate agreement or otherwise by law. You may only access, use or disclose patient information to the extent permitted by law. Failure to comply with HIPAA and state privacy laws may subject the offending individual and the Company to civil and criminal penalties. Every officer and employee will receive training regarding the use and disclosure of patient information as appropriate for that person's job and business unit. Also you must read and comply with the Company's HIPAA policies and procedures. If you have any questions pertaining to confidential patient information, please contact the Company's Privacy Officer.

### **Government Audits and Investigations**

The Company's policy is to cooperate fully with all government investigations. In order to ensure that all government inquiries and investigations are handled in a coordinated and efficient manner, all government requests for information, audit and investigation should be reported immediately to your supervisor. Under no circumstances may an employee, officer, director or contractor destroy Company records during an investigation.

## **WORKPLACE PRINCIPLES**

### **Equal Employment Opportunity**

We are committed to providing an equal opportunity work environment where employees are treated with fairness, dignity and respect regarding recruitment, hiring, transfers, promotions, compensation, benefits, layoffs, recalls, and other terms and conditions of employment. All policies shall be administered without regard to any legally protected characteristic, including race, color, creed, religion, national origin, sexual orientation, sex, age, veteran status or disability, provided an individual with a disability is qualified and able to perform the essential functions of the job with or without a reasonable accommodation consistent with the requirements of federal, state and local law. All personnel decisions shall be made by utilizing objective standards based upon the individual's qualifications as they relate to the particular job.

### **Harassment/Workplace Violence**

We are committed to providing a workplace that is free from harassment and intimidation and is safe for all employees. The Company does not tolerate harassment or intimidation based on any protected characteristic, including degrading or humiliating jokes, slurs, intimidation, verbal or physical contact of a sexual nature, or other harassing conduct that interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment. Unwelcome sexual advances or requests for sexual favors in conjunction with employment decisions are strictly prohibited.

### **Substance Abuse**

We are committed to maintaining an alcohol- and drug-free work environment. You must report for work free of the influence of alcohol and drugs that are illegal under state or federal law. Reporting to work under the influence of any such illegal drug or alcohol, or using, possessing, or selling such illegal drugs while on Company time or property, will result in disciplinary action. An employee who is taking lawfully prescribed or over-the-counter drugs that could impair judgment or skills required for job performance or could otherwise affect the safety of the employee or others must report the use of the drug and any known side effects to your supervisor or Human Resources prior to performing work. If you have questions regarding the effect of such medication on your job performance, or you observe someone who appears to be impaired in his/her job performance due to the effects of medication, please consult with your supervisor or call the Hotline. Further explanations on the Company's alcohol- and drug-free work environment may be found in the Employee Handbook, and any questions should be directed to Human Resources.

### **Use of Company Communications Equipment**

We provide e-mail, access to the Internet and Company Intranet, landline and mobile telephones, facsimile machines and other technology for legitimate business activities by authorized individuals, and to support a positive and professional business climate. You are expected to use such technology responsibly and professionally at all times and any suspected inappropriate use will be monitored and investigated. You do not have any privacy rights with respect to any

communication made or received with the Company's communication equipment.

### **Use of Company Property**

You have a duty to insure that the Company's property is used for a proper purpose and only for the benefit of the Company or to advance the Company's business purposes. The Company has a zero tolerance policy with regard to theft. Theft, carelessness and waste have a direct effect on the Company's profitability. When you leave the Company, all Company property must be returned, including all documents and files, electronic or otherwise, that contain or reference Company Confidential information. There is no exception to this, and the Company specifically reserves the right to pursue the appropriate legal remedy against anyone who leaves the Company with Company property.

### **Work Product**

You must promptly disclose to the Company, in writing and in a form satisfactory to the Company, all discoveries, developments, improvements and inventions, whether or not patentable ("Inventions"), conceived or made by you during regular working hours with the Company (whether or not they are related to his/her work) or conceived or made by you at any other time during the period of your employment with the Company which relate to your work for the Company or to the operations of the Company. You shall assign such inventions to the Company and execute such documents and take such other actions as required, at the expense of the Company, for the filing of patent applications and issuance of patent applications and whatever other steps are necessary to provide for exclusive ownership by the Company of such inventions and patent applications and patents.

### **Conflicts of Interest**

We all must be mindful to avoid any situation that could impair our ability to make objective decisions on behalf of the Company, or which has the appearance of creating a possible conflict of interest. A conflict of interest occurs when your private interest interferes in any way with the interests of the Company, or gives the appearance of impropriety. By way of example, no one shall take any action which would (1) directly or indirectly be in competition or foster competition with the business interests of the Company; (2) interfere with the contractual relations of the Company with customers, suppliers or others; or (3) diminish or disparage the reputation of the Company.

The Code sets out some of the more common conflicts that you may confront and is intended to serve as a guide to the standards to which all of us are expected to adhere. This list is unavoidably incomplete. It is the responsibility of each of us to use our best judgment to assess objectively whether a conflict or the appearance of a conflict exists and to engage in open and candid communication with the Company about the potential conflict. The following activities are to be strictly avoided by all directors, officers and employees:

- existence of an interest in any transaction involving the Company or its subsidiaries which may impair the objective and impartial representation of the Company by the director, officer or employee;
  - In addition to other situations, such an interest could be present when:

- a director, officer or employee conducts the Company's business with a relative, or with a business with which a relative (including one's spouse, parents, siblings, children, grandparents, aunts, uncles, nieces, nephews, and cousins, including relationships stemming from marriage and adoption) is associated in any significant role;
  - a director, officer or employee works for, or serves as a director or advisor of, or has a business relationship with, a competitor, supplier, service provider or customer, unless the Company has explicitly approved such arrangement after full disclosure;
  - a director, officer or employee makes a material, direct or indirect, investment resulting in their holding a financial interest in a competitor, supplier, service provider, or customer.
- speculation or dealing in goods, commodities or products required, dealt in or sold by the Company and its subsidiaries;
  - appropriation to personal benefit of a business opportunity in which the Company or a subsidiary might reasonably be expected to be interested, without first making available the opportunity to the Company or subsidiary;
  - use of the Company's property, information or position for personal gain; and
  - competing with the Company.

It is everyone's responsibility to alert the Company to any potentially conflicting relationships. The Company shall have sole discretion to approve, conditionally approve or disapprove participation in such relationships. If you have any doubt about whether a particular situation may present a conflict, contact the Chief Compliance Officer or General Counsel for clarification.

### **Business Interests**

Except for ownership of publicly traded stock (and, in the case of a director, service on another board of directors), you are prohibited from having any personal financial interest in any individual or business organization that furnishes merchandise, supplies, property or services to the Company. This includes arrangements to receive loans (other than bank loans), commissions, royalties, property shares or anything of value other than the normal stock and bond market transactions. Directors, officers and employees are further prohibited from conducting Company business with a business organization in which a close relative of the director, officer or employee has a substantial ownership interest (greater than 5%) without the prior consent of the Company.

### **Other Employment**

You shall not accept other employment without the prior written consent of the Company, and under no circumstances shall you accept other employment by any individual or business organization that (1) furnishes merchandise, supplies, property or services to the Company; (2) is a customer of the Company; or (3) is a competitor of the Company.



## **Service as an Officer or Director**

No officer or employee shall serve as an officer or director of another business organization without prior written approval of the General Counsel or the Chief Compliance Officer.

## **Contributions to Political Parties or Candidates**

Neither the Company nor any member of management will directly or indirectly require you to contribute to political parties or candidates for office. Acts of hospitality toward public officials shall be of such a scale and nature as to avoid compromising the integrity or impugning the reputation of the public official or the Company. You may, of course, participate in the political process and make contributions on your own time and at your own expense. If you engage in political activity for your own purposes, it is essential that you not give the impression that you are speaking on behalf of or representing the Company. In this regard, you may not use the Company's resources, including fax, phones or email, to personally engage in political activity. You also may not seek reimbursement from the Company for any expenses or personal contributions related to such personal political activities.

## **Special Obligations of Managers**

Managers and others within the Company who take on leadership positions must ensure that employees understand their responsibilities under the Code and feel comfortable raising concerns without fear of retaliation. Managers must also encourage ethical conduct and compliance with law both by example and by personally leading efforts to comply with the law. Managers must also convey to employees that business results are not to be achieved through conduct in violation of this Code. Managers must work with the Legal and Compliance Departments to take prompt corrective action to remedy compliance weakness and breaches.

## **Waiver**

In the event a circumstance arises that you believe merits a waiver of the Code, you may seek a waiver. Requests for waivers are rarely, if ever, granted. However, you may seek formal waiver of a specific requirement or obligation of the Code by written request to the Chief Compliance Officer of the Company. Most waiver requests will be determined by the Chief Compliance Officer, while those submitted by Company officers and directors will be submitted to the Board of Directors or the Audit Committee by the Chief Compliance Officer. All waivers granted for Company officers and directors shall be promptly disclosed to the shareholders of the Company, to the extent required by law and regulation. No action prohibited by this Code should be taken without a written waiver from the Company's Chief Compliance Officer, the Board of Directors or the Audit Committee, as applicable.

## COMPLIANCE CONTACTS

Official	Name	Telephone	Email
Chief Compliance Officer	Stephen Lariviere	(502) 627-7404	Stephen.Lariviere@pharmerica.com
HIPAA Privacy Officer/Facilitator	Scott Dilley	(502) 627-7317	Scott.Dilley@pharmerica.com
Members of the Compliance Department- <i>Chief Compliance Officer</i>	Stephen Lariviere	(502) 627-7404	Stephen.Lariviere@Pharmerica.com
<i>Manager Regulatory Compliance</i>	Rick Karsten	(770) 432-1621	Frederick.Karsten@pharmerica.com
Members of the Compliance Committee --- <i>Chair</i>	Stephen Lariviere	(502) 627-7404	Stephen.Lariviere@Pharmerica.com
<i>Secretary</i>	Jeffrey Powell	(502) 627-7457	Jeffrey.Powell@pharmerica.com
<i>Chief Pharmacy Officer</i>	Thomas J. Griffin	(502) 627-7925	TJ.Griffin@pharmerica.com

Hotline Number: (800) 793-7741

**ACKNOWLEDGMENT OF RECEIPT AND UNDERSTANDING**

I certify that I have received and reviewed the PharMerica Corporation Code of Business Conduct and Ethics. I understand the Code represents PharMerica policy and that, by signing my name below, I am certifying that I am familiar with and will comply with the requirements of this Code. I know it is my right and my responsibility to seek guidance on ethics and compliance issues when I am uncertain about which actions to take. I will immediately report violations or suspected violations to management, the Vice President of Corporate Compliance for my subsidiary or operating group, the Chief Compliance Officer, or the Hotline. I will fully cooperate in all PharMerica investigations of conduct that may violate the Code. I understand that PharMerica reserves the right to modify this Code from time to time and that I am obligated to review and abide by any such modifications. I understand that the Company considers the performance of my job responsibilities in a manner consistent with the Code of Conduct an element in evaluating my performance. I understand that nothing in this Code creates a contract or promise of continued employment.

Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_ Location: \_\_\_\_\_

Department: \_\_\_\_\_



For more information, please contact:  
PharMerica Corporation  
Compliance and Ethics Department  
805 N. Whittington Pkwy  
Louisville, KY 40222  
(502) 627-7100  
[compliance@pharmerica.com](mailto:compliance@pharmerica.com)