



Upsher-Smith's Corporate Compliance Program

Introduction

Upsher-Smith Laboratories, Inc. has always conducted, and will continue to conduct, its activities in full compliance with all applicable federal, state and local laws and regulations. The leadership staff at Upsher-Smith is committed to maintaining the highest standards of conduct in its dealings with our employees, our customers, our vendors and our community.

To support our company's commitment to the highest ethical standards and ensure that we remain compliant with the laws that govern our industry, we have established a comprehensive Corporate Compliance Program in accordance with federal and state guidelines. The purpose of our program is, first and foremost, to maintain our long-standing culture of honesty, integrity and ethical conduct. We have tailored our program to fit our unique culture and the size of our organization. The program is also designed to prevent and detect violations of the law or company policy and to ensure that all employees (including independent contractors) and business partners are aware of Upsher-Smith's expectations for lawful and ethical behavior. Due to the dynamic nature of the pharmaceutical industry, our program is updated, as necessary, to respond to changes in external and internal requirements.

Corporate Compliance Program Overview

1. Leadership and Oversight

Upsher-Smith's Corporate Compliance Program is led by our Chief Compliance Officer. The Chief Compliance Officer has primary responsibility for developing, maintaining and improving the overall program and is empowered to effectuate change within the organization. Further support for the Corporate Compliance Program is provided through our Legal Department, Human Resources Department and the office of the General Counsel.

2. Written Standards and Policies

Upsher-Smith's Code of Business Conduct outlines the company's expectations for all employees and the principles and values to guide their daily activities. Our Code of Business Conduct also helps ensure that our employees understand the requirements pertaining to their jobs and provides tools to support their decision-making process. All employees are required to acknowledge, in writing, their commitment to the Upsher-Smith Code of Business Conduct.

In addition to the Code of Business Conduct, Upsher-Smith has established policies and procedures which provide greater detail regarding the requirements for operating in a lawful manner. As an organization, we have adopted the PhRMA Code guidelines and are committed to the lawful as well as ethical promotion of our products to the healthcare community. The goal of our promotional efforts is to maximize patient benefit and to ensure that our products are utilized in a manner that is supported by our product labeling.

Finally, in accordance with California Law, Upsher-Smith has established annual spending limits for promotional activities directed toward healthcare providers in that state. At the present time, our annual spending limit is \$2,000, and covers educational items as well as infrequent and modest meals that are associated with informational or educational presentations or discussions with the healthcare provider and their staff. Consistent with California Law, this annual spending limit does not include professional drug samples provided to healthcare professionals, financial support for continuing medical education programs or payments to healthcare professionals for legitimate consulting services. Upsher-Smith practice, to date, suggests that our average annual spending is well below our established limit.

3. Education and Training

Another key component of our program is the ongoing education and training of our employees. All new employees are required to attend training on the company's Code of Business Conduct. Through our Upsher-Smith University program, employees are offered the opportunity to receive training in a number of areas, including compliance. Upsher-Smith also provides more specific training to those individuals engaged in identified risk areas (e.g., Sales). Our training program, like our overall Corporate Compliance Program, is dynamic and changes are made as the needs within the organization change.

4. Effective Lines of Communication

At Upsher-Smith, we foster a culture of open and honest dialogue and encourage our employees to ask questions and report potential issues. Consistent with our culture, supervisors and managers serve as a first line of communication and are expected to maintain an "open door" policy with their employees. To support this type of open communication, Upsher-Smith strictly prohibits any form of retaliation against an employee who brings information forward and will take all appropriate measures to maintain the confidentiality of the discussion.

Additional resources are also available to employees at Upsher-Smith, including members of the Human Resources Department. Alternatively, employees may contact the Chief Compliance Officer or any member of the Legal Department. We encourage all of our employees to utilize the resources available to them and to seek out individuals that can answer their questions or act on any concern or issue they bring forward.

5. Auditing and Monitoring

Upsher-Smith recognizes the importance of an effective auditing and monitoring program to the success of a Corporate Compliance Program. Our policies and procedures are reviewed on a regular basis and updates made, as appropriate. Additional policy documents are added in response to changes in the external or internal environments. Assessments of our program, and elements within our program, are made consistent with the size of our organization and the business activities we engage in.

6. Policies for Investigating Potential Non-compliance

Upsher-Smith is committed to the prompt investigation of potential non-compliant activities. We recognize that there is tremendous value in quickly identifying whether or not an issue exists and taking decisive measures to correct an identified problem. Upsher-Smith has policies and procedures in place to support our efforts in this area.

7. Policies for Disciplinary Action

Our Code of Business Conduct is very clear regarding the potential consequences for failing to comply with the Upsher-Smith Code of Business Conduct, internal policies and procedures, and the laws and regulations governing our industry. This information is reinforced with our employees through our training programs.

While each situation that arises may be unique, Upsher-Smith strives for consistent and timely disciplinary action in an effort to address the existing situation and deter future non-compliant activity. Human Resources plays a key role in ensuring disciplinary actions are appropriate and consistently applied.

At Upsher-Smith, compliance is everyone's responsibility and we are committed to maintaining our culture of honesty, integrity and ethical behavior. Our Corporate Compliance Program reinforces that commitment and helps ensure that we remain compliant in the ever-changing pharmaceutical industry.

For a copy of Upsher-Smith's Corporate Compliance Program, you may download this file or e-mail your request to uslinfo@upsher-smith.com.