

PAR PHARMACEUTICAL COMPANIES, INC.

CORPORATE GOVERNANCE:

**CODE OF ETHICS**

**I. PURPOSE OF CODE OF ETHICS**

Par Pharmaceutical Companies, Inc. requires compliance with its Code of Ethics by its officers, employees and directors and compliance with the Code of Conduct for the officers, employees and directors of all of its subsidiaries (collectively, the "Company"). The purpose of this Code of Ethics and the Code of Conduct is to promote the honest and ethical conduct of all individuals employed by or associated with the Company.

The Company expects honest and ethical conduct from all of its employees in all aspects of its business. Employees must conduct their activities in accordance with all applicable laws and regulations. Compliance with this Code is a condition of employment and any violations of the Code may result in disciplinary action, up to and including termination of employment.

**II. GENERAL STANDARDS OF CONDUCT**

**A. Management**

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company and its subsidiaries should set an example for employees under their supervision by making and demonstrating their own personal commitment to the Company's operating principles of integrity and honesty. Management should promote honest and ethical conduct; full, fair, and accurate, timely and understandable disclosure; and compliance with applicable governmental rules and regulations. The CEO and CFO should evaluate contemplated transactions and products in terms of appropriateness, ethics and the Company's good reputation. The CEO and CFO shall give their full support to the Ethics Officer in performance of his or her corporate governance responsibilities.

The CEO and CFO shall take direction from and report fully and regularly to the Board of Directors of the Company, which is to monitor their activities and oversee corporate strategy. In that regard, the CEO and CFO must bring to the timely attention of the Board of Directors any information that materially affects the business of the Company and its subsidiaries. The CEO

and CFO shall take no steps to implement any important corporate activity without first securing the approval of the Board of Directors as to the proper course of action. It is the responsibility of the CEO and CFO to make sure that all Company transactions are properly authorized and Company assets safeguarded against unauthorized and improper use. The CEO and CFO must bring promptly to the Board's attention any information of which they may become aware that affects the disclosures made by the Company in its public filings and otherwise assist the Board in fulfilling its responsibilities.

The Board of Directors has delegated certain of its responsibilities to specific committees of the Board of Directors. Each of the committees has a charter that sets out their principal duties and responsibilities. The Audit, Nominating and Compensation Committees are composed entirely of independent directors. The CEO and CFO shall take direction from and report fully to the committees of the Board of Directors with respect to their areas of responsibilities.

It is the CEO's responsibility to implement the decisions of the Board of Directors and direct the day to day operations of the Company including marketing, sales, production and personnel. The CEO shall report to the Board all matters related to business transactions, operations, finance, and any other matters material to the Company within the CEO's purview or knowledge and carry out such other duties, or wind down and transition his existing duties, as may from time to time be directed by the Board of Directors.

The CFO is responsible for analyzing and reviewing financial data, reporting financial performance, preparing budgets, and monitoring expenditures and costs. The CFO is required to present this information on a regular basis to the Board of Directors and to shareholders and regulatory bodies. The CFO shall ensure that the Company's accounting practices provide full and fair disclosure of the financial condition of the Company in compliance with applicable accounting rules and regulations and the maintenance of all books and records in such a way as to fully reflect all company transactions and to enable the preparation of accurate and timely periodic reports.

The CEO and CFO must certify that the Company's financial reporting does not contain false statements or omissions of material facts, such as non-compliance with regulations. In the performance of their duties, the CEO and CFO are prohibited from knowingly misrepresenting facts. The CEO and CFO will be considered to have knowingly misrepresented facts if they knowingly make, permit or direct another to make false or misleading statements.

The CEO and CFO should establish and maintain internal disclosure controls and procedures in fulfillment of their responsibilities. These include clear policies, proper records management systems, adequate audit controls and training programs.

