

**Cephalon, Inc.**  
**Standards of Business Conduct – United States**

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**I. Why Do We Have Standards of Business Conduct?**

Cephalon, Inc., together with its wholly owned subsidiaries (collectively “Cephalon”), is a respected leader in the biopharmaceutical industry. It is the responsibility of each employee to preserve and strengthen our global reputation for ethical business practices and innovative, quality products. Indeed, our continued success depends upon each employee’s dedication and commitment to these standards and principles of conduct.

These Standards of Business Conduct (the “Standards”) have been prepared to provide you with a brief summary of and guide to Cephalon’s basic philosophy respecting compliance. The Standards apply to all Cephalon employees in all functional areas of the company, inside or outside of the United States. In addition, the Standards apply to all direct and indirect acts of Cephalon employees, including actions taken by third parties at the direction of a Cephalon employee or in conjunction with a Cephalon employee.

Specifically, the Standards are designed to provide clear, general and simple guidelines for:

- complying with all applicable laws and regulations, including but not limited to, environmental, health, safety, antitrust and discrimination laws, FDA and DEA regulations and their equivalent in other jurisdictions (e.g., Europe)
- compliance with all Cephalon policies and procedures;
- avoiding conflicts of interest; and refraining from accepting or offering improper gifts and gratuities
- avoiding company involvement in political campaigns; handling consumer complaints; protecting confidential information; handling media inquiries; and cooperating with government investigations

However, the Standards cannot and do not cover every possible arrangement or activity posed by the laws, regulations and industry standards governing our industry nor can they address every issue presented on a daily basis in our business lives. Rather, the Standards are intended as a supplement to Cephalon’s Code of Conduct (the “Code”), Cephalon’s policies and procedures governing activities related to your department or function, as well as our Human Resources Policies and Procedures and our Compliance Program (these documents will be referred to as the “Compliance Policies” throughout these Standards). You should refer to these Compliance Policies for additional guidance and details concerning the fundamental principles that should govern your conduct. In the event of a conflict between the requirements of these Standards or a policy and the requirements of a law or regulation, the law or regulation controls. Consult the Legal Department or any of the Compliance Resources listed at the end of this document for guidance in any such situation.

**II. Compliance Resources**

The laws and regulations addressed in the Code of Conduct, these Standards of Business Conduct, and the other Compliance Policies can be complex and may be subject to change. For this reason, if you are uncertain about how a policy applies to a particular arrangement, or you are facing a situation that does not seem to be covered by any policy, you should immediately discuss it with your supervisor or another manager at Director Level or above, Human Resources or the Legal Department, any member of the Compliance Committee, the Chief Compliance Officer or the Chairman of the Audit Committee of the Board of Directors. You can also seek help anonymously, through the Ethics and Compliance HelpLine.

The Compliance Resources are also your primary contacts for reporting violations of the Code. All employees are required to report violative conduct so that it may be investigated and appropriate corrective action undertaken. Reports can be made without hesitation, as Cephalon will not tolerate retaliation for reporting a Compliance violation or for cooperating with an investigation.

Contact Information for the above Compliance Resources is as follows (Note-phone extensions are listed. If calling from outside Cephalon, first dial 1-(610)-73, then the extension):

Human Resources.....	x86434
Legal Department.....	x86415 or x86679
Chairman, Audit Committee of the Board of Directors (c/o General Counsel).....	x86337

Chief Compliance Officer/Chair, Compliance Committee.....	x86830
Compliance Committee Members.....	See Above
Ethics and Compliance HelpLine.....	1-866-411-2374

*Other Important Numbers:*

Corporate Communications.....	x86316
Environmental Health & Safety.....	x86177
Ethics & Compliance.....	x86711
Marketing.....	x86576
Medical Affairs.....	x86325
Product Safety.....	x86217
Quality Assurance.....	x86534
Risk Management.....	x86151
Sales Training and Sampling Compliance.....	x86221
Security.....	x86225

**III. Employee Code Certification**

Our Code of Conduct, together with these Standards of Business Conduct, will be assigned through Cephalon’s electronic learning management system, Ethics Connect. Each employee must electronically sign an acknowledgement that he or she has read, understands and will comply with the Code and these Standards at all times. The certification is due within the assigned period at the date of initial hire or first receipt of the Code and then annually each year prior to and as a condition of receipt of annual review and, in Cephalon’s discretion, any eligibility for raise, bonus or sales commission, and as a condition of continuing employment.

**IV. Employee Responsibilities**

Cephalon employees must familiarize themselves with these Standards, and are expected to know which specific laws and regulations apply to their day-to-day activities. You can learn about those laws and regulations through on-the-job training, as well as courses and presentations. You are encouraged to ask questions of your immediate supervisors or the Cephalon Department with the expertise appropriate to your concern (e.g., Regulatory Affairs, Quality Assurance, Legal, Government, and Public Affairs, and Compliance).

Individuals who fail to behave in accordance with the standards of the Compliance Program will be subject to disciplinary action, up to and including termination (subject to any requirements of applicable law or a written employment contract). Cephalon also may have an obligation to contact appropriate law enforcement and/or regulatory authorities if the violation in question also constitutes a violation of applicable laws or regulations.

**V. Management Responsibilities**

Responsibility for the enforcement of these Standards is shared throughout Cephalon. All supervisors are accountable for the implementation of the Standards in their departments, and to lead by example using their own conduct as a model for others. For employees under their direction, supervisors have the responsibility to:

- Ensure that current and new employees participate in education and training regarding the Standards and laws applicable to their particular functions to facilitate their understanding of same;
- Ensure that their departments operate in accordance with the Standards; and
- Maintain a workplace environment and culture that encourages open communication to resolve concerns relating to compliance issues.

**VI. Conducting Business with Integrity**

You are expected to act in good faith and with professionalism and integrity in the discharge of your

duties, and must treat all those with whom you interact with dignity and respect, including co-workers, the public, the business community, customers, suppliers and governmental and regulatory authorities. Cephalon expects **absolute integrity** from all of its employees and **will not tolerate** any conduct that falls short of that standard.

Therefore, you may not, when conducting business with or entertaining clients, or at any time during Cephalon internal meetings or while with other Cephalon employees, contractors, or consultants (including during evening hours), engage in unprofessional conduct or attend any form of entertainment that is not appropriate for a business meeting (e.g., adult entertainment). Every employee of Cephalon is accountable for adhering to our commitment to conduct our business fairly, honestly, and with integrity.

## **VII. Legal Requirements**

You must comply with all applicable laws and regulations, including, without limitation, employment, discrimination, health, safety, antitrust, securities, and environmental laws. Cephalon demands that your actions reflect Cephalon's commitment to good faith and professional interactions with the public, our customers, suppliers, purchasers, vendors, employees and our co-workers.

Cephalon provides you with appropriate training and guidance on legal issues as well as procedures for answering any questions you may have. Consequently, full compliance with the law is expected of every employee. It is your personal responsibility to acquaint yourself with the legal requirements that may arise in your position and meet those requirements. It is also your responsibility to report to appropriate management as soon as possible any potential violation of law, regulation and/or Compliance Policy that you believe has occurred.

When laws, rules or regulations are unclear to you or when questions arise regarding proper interpretation, you must look to your management, working in conjunction with the Legal Department, for the appropriate interpretation. **Under no circumstances are you authorized to act upon interpretations that have not been reviewed by management and our Legal Department. Interpretations made in good faith and with the involvement of the Legal Department will not be treated as violations of our Compliance Policies.**

## **VIII. Standards, Laws and Regulations Affecting the Pharmaceutical Industry**

Federal and state governments have enacted laws to prevent, detect, and punish health care fraud and abuse, including the federal Anti-Kickback Statute, federal Civil False Claims Act, federal False Statements Act, and other civil and criminal laws. Many states have enacted similar laws. The federal False Claims Act, and some state False Claims Acts, also include provisions under which individual citizens with evidence of fraud against the government may sue on behalf of the government to recover the lost funds. These laws also prohibit retaliation against persons who file whistleblower suits. More information about these laws, and the company's compliance policies and procedures, can be obtained from the Legal Department or any of the Compliance Resources listed at the end of this document.

Cephalon has established comprehensive policies and procedures to help prevent, detect, and correct violations of law and company policy. As outlined in the next section, Cephalon employees are required to report actual or potential violations of law or company policy. You can report compliance concerns to your supervisor, the Legal Department, any of the Compliance Resources listed in this document, or via Cephalon's Ethics and Compliance HelpLine at 1-866-411-2374 or online at <http://www.mycompliancereport.com/report.asp?fid=11&cid=cep&rpt=1>. Cephalon policy clearly prohibits retaliation against employees for good faith reports of compliance issues.

## **IX. Reporting Suspected Non-Compliance**

As part of its commitment to ethical and legal conduct, Cephalon expects you to report information about suspected violations of the Code of Conduct, these Standards of Business Conduct, or any Cephalon policy or of law by any employee or agent. Suspected violations of the provisions of these Standards

which deal with discrimination, harassment, workplace safety, substance abuse, workplace violence or of any other Human Resources policy should be brought to the attention of the Human Resources department. Employees who have information about violations should alert their supervisors, the Legal Department, one of the Compliance Resources, or submit a report or complaint through Cephalon's Ethics and Compliance HelpLine (1-866-411-CEPH). Cephalon will treat the information in a confidential manner (consistent with appropriate evaluation and investigation) and will seek to ensure that no acts of retribution or retaliation will be taken against anyone for making a good faith report.

Upon receipt of credible reports of suspected violations or irregularities, the company will conduct an initial, confidential investigation into the matter and take corrective action where appropriate. The reporting employee is expected to cooperate in the investigation, if requested. Violations of these Standards or any Cephalon policy may result in discipline ranging from warnings and reprimand to discharge by Cephalon. All disciplinary decisions will be made in accordance with Human Resources practices and policies.

No adverse action or retribution of any kind will be taken by Cephalon against an employee because he or she reports in good faith a suspected violation of the Code of Conduct by any person. Any person who engages in such retaliation or retribution against an employee who reports suspected violations of the Standards will be subject to disciplinary action, including termination in appropriate cases.

## **X. Avoiding Conflicts of Interest**

Cephalon expects that each of its employees will act, at all times in the course of his or her duties, in the best interests of Cephalon. You must be free from any actual or potential conflict of interest and must avoid *even the appearance* of such a conflict in dealing with other businesses or individuals on behalf of Cephalon.

A conflict of interest may arise in any situation in which your judgments and loyalties are divided between any business or outside interest that, to any degree, is incompatible with the best interests of Cephalon. You must avoid any situation where personal interests (or those of relatives, friends, or associates) might conflict, or even appear to conflict, with the best interests of Cephalon. This means that you should not place yourself in situations that might force you to choose between your own personal or financial interests and the interests of Cephalon. Whenever you face the prospect of direct or indirect personal gain having an influence upon your judgment or actions in the conduct of Cephalon's business, you have a conflict of interest and must remedy it.

### **A. General Guidelines Regarding Conflicts**

- You have an affirmative duty to work in the best interests of Cephalon and must never let personal interests interfere with this duty.
- If it is likely that an objective third party would reasonably believe that your actions are motivated by considerations other than your duties to Cephalon, then the chances are good that a conflict of interest exists.
- In order to avoid *even the appearance* of any wrongdoing and to protect ourselves from allegations of misconduct, you must promptly disclose to the Chief Compliance Officer any potential conflict of interest you believe may exist. Actual or potential conflicts of interests for officers and directors of Cephalon, including "related party transactions" within the meaning of Securities & Exchange Commission ("SEC") rules and regulations must be approved by either the Audit Committee or the Board of Directors.

### **B. Outside Employment**

You may not engage in any outside employment or consulting activity for any healthcare related business without the prior written consent of your manager and the Vice President of Human Resources, and you may not engage in any outside employment that has the potential to interfere with your job responsibilities. Outside employment includes, but is not limited to, working for competitors, suppliers, or customers as a full-time or part-time employee, consultant or otherwise.

### **C. Boards of Directors/Public Office**

Additionally, you may not become an officer or director of any professional associations or become a member of the board of directors of any for-profit corporation or any healthcare related entity without the prior written approval of the Chief Compliance Officer, Vice President of Human Resources and the General Counsel; however, service by members of the Executive Committee on outside boards must be approved in accordance with the "Policy Statement Regarding Limitations on Service on Other Boards of Directors by Cephalon Directors and Executive Officers." You must notify a Vice President in the Legal Department and a Vice President in the Human Resources Department in the event that you intend to run for or be appointed to any public office. Cephalon employees who hold or seek to hold a public office must do so on their own time, whether during vacation, unpaid leave, after hours or weekends.

### **D. Acceptance of Gifts by Employees**

Gifts of a nominal value may be accepted by employees when unsolicited and not made in return for a special consideration or decision under your control. Examples include ordinary promotional or advertising items and mementos (hats, pens, paperweights, etc.) that are merely tokens of respect or friendship. Invitations to join a third party in attending an event (sporting, theatre, etc.) are generally considered routine business courtesies which may be accepted, provided that the value of attendance or participation in the event or outing is not intended to, nor would it be perceived to, have any improper influence on any business transaction. Also, the value of attendance or participation in the event should not be perceived to be excessive by an objective observer (e.g., tickets to a regular sporting match or game would be permissible, while playoff tickets could be considered excessive). In the event that you receive a gift which is of more than nominal value, you should notify the Chief Compliance Officer and turn over the gift for appropriate disposition. The Chief Compliance Officer, in consultation with the General Counsel, may grant exceptions to this policy on a case-by-case basis.

## **XI. Competitive Practices**

Antitrust laws are designed to protect competition and are implicated in almost every activity in which we engage. In fact, antitrust laws are among the most comprehensive and pervasive set of laws affecting our business worldwide. These laws can be complex and difficult to interpret -- and can have both criminal and civil consequences for both you and Cephalon. As a result, it is imperative that you be vigilant in observing all fair competition and antitrust laws.

It is Cephalon policy to comply in every respect with the antitrust laws. Cephalon makes its business decisions based on the best interests of Cephalon, completely independent and free from any improper understandings or agreements with any other competitor. No Cephalon employee, whatever his or her position, is authorized to depart from compliance with these laws or to condone a departure by anyone else.

Generally speaking, the following types of issues and any others that may limit competition (whether by sellers or purchasers) should never be discussed with a competitor: a) prices, pricing policy, pricing strategies, discounts or rebates; b) costs, profits, or profit margins; c) terms or conditions of sale, including credit terms and return policies; d) division of markets, market territories or sales territories; e) market share of any products; f) marketing, advertising or promotional plans; g) pricing practices of wholesalers, dealers, distributors or customers; or h) classifying, rejecting, terminating, or allocating customers.

This is not an exhaustive list, and there may be many other topics that could pose problems. When in doubt, seek assistance from the Legal Department.

## **XII. Drug Laws**

Cephalon is committed to complying fully with all applicable drug laws and regulations, including, but not limited to, the Federal Food, Drug and Cosmetic Act, the Prescription Drug Marketing Act, and the Controlled Substances Act and European Union Pharmaceutical Directives and Regulations. Compliance extends to all Cephalon activities regarding our developmental and commercial products and product candidates, including research, development, manufacturing, marketing, sales and distribution. Since Cephalon policies and procedures are designed to foster such compliance, it is critical that you comply with all policies and standards affecting your job function and duties.

In particular, you must fully comply with all rules and regulations issued by the US Food and Drug Administration ("FDA"), the European Commission and national European regulatory agencies, and those of other countries in which Cephalon conducts its activities. These regulations govern nearly every aspect of our industry and operations, from the very start of research efforts on a potential new drug candidate, continuing through to the sale of approved products, and Cephalon expends significant time and resources to help assure compliance with all these requirements. You must ensure that your actions facilitate and do not conflict with these efforts.

It is also essential that any Cephalon employee anywhere in the world who learns of an adverse drug experience involving a Cephalon drug product immediately notify the appropriate Cephalon departments. Additionally, if you learn of a report of suspected product tampering, adulteration, counterfeiting or drug diversion (including of controlled substances), you must immediately notify the appropriate Cephalon departments and your manager.

If you have any questions concerning compliance with these laws or any others, you should discuss them with your immediate supervisor, or call the Legal Department, the Ethics and Compliance HelpLine or any of the other Compliance Resources listed in this document.

### **XIII. Accurate Books and Recordkeeping**

All books, records and accounts of Cephalon, inside and outside of the United States, must be maintained in accordance with all applicable accounting rules and regulations and Cephalon records management policies. All transactions affecting assets, liabilities, stockholders' equity, revenues and expenses must be recorded on a timely basis in detailed journals and must be traceable through the general ledger and resulting financial statements.

Cephalon does not condone practices that might lead to fraudulent financial reporting, including any intentional or reckless conduct, whether by act or omission, that results in materially misleading financial statements. Cephalon will not tolerate the falsification of information to it or on its behalf in the furtherance of company business.

When Cephalon is providing goods or services to the U.S. Government, special recordkeeping rules apply and the Chief Financial Officer must approve recordkeeping procedures for such projects. Note that civil and/or criminal penalties may apply to falsification of information to the government. For more information, please contact the Legal Department.

Cephalon's policy is to comply strictly with the federal and state laws (or their foreign equivalent) that require it to furnish pricing data to government entities that administer federal or state health care programs. You should promptly advise the Finance Department if you become aware of any inaccuracy or deficiency in accounting records or government pricing reports.

Consistent with good business practices and good judgment, and in accordance with Cephalon's Records Retention Schedules, you must retain records for as long as they are required and in the manner required to meet its legal, regulatory, administrative and operational requirements, after which they may be disposed of. Records necessary for business reasons will be retained for a period of time that will reasonably assure the availability of those records when needed.

Whenever it becomes apparent that records of any type will be required in connection with a lawsuit or investigation, all relevant records should be preserved, and ordinary disposal or alteration of records

pertaining to the subject of the litigation or investigation should be immediately suspended. If you are uncertain whether records under your control should be preserved because they may relate to a lawsuit or investigation, you should contact the Legal Department. Please note that Litigation Hold memos are periodically issued by the Legal Department, and all instructions contained in these memos must be followed.

#### **XIV. Code of Ethics for Financial Officers**

In response to the January 23, 2003 issuance of final rules by the SEC, the Audit Committee of the Board of Directors of Cephalon, Inc. has adopted and authorized management to seek a certification of a written Code of Ethics for Financial Officers ("Financial Code"), which applies to its Financial Officers (the Chief Executive Officer, the Chief Financial Officer, the Vice President, Finance, the Controller, the Director of Tax, the Senior Finance Director, similar equivalent positions in Cephalon France and all other director and manager-level employees reporting to these officers who are responsible for accounting and financial reporting).

The Financial Code, available on the intranet, covers a wide range of financial and non-financial business practices and procedures and is incorporated herein by reference. Financial Officers must certify their understanding of and commitment to adhere to and advocate to the best of their knowledge and ability certain principles and responsibilities governing their professional and ethical conduct. Failure to uphold the standards of the Financial Code may lead to disciplinary action, up to and including termination.

#### **XV. Misconduct in Science**

Cephalon will not accept or tolerate fraud, dishonest behavior or misconduct in scientific research. According to the US Public Health Service, misconduct in science means fabrication, falsification, plagiarism, or other practices that seriously deviate from those that are commonly accepted within the scientific community for proposing, conducting, or reporting research. It does not include honest error or honest differences in interpretations or judgments of data.

Any allegations regarding misconduct in research must be reported to the head of the applicable department (Research and Development or Clinical Research) or to a Compliance Resource, so that a prompt investigation may be conducted and appropriate corrective action undertaken. For federally funded research, the investigation will be conducted in accordance with the Public Health Service Act (as amended by the Health Research Extension Act (P.L. 99-158)).

#### **XVI. Employment Policies/ Equal Employment Opportunity**

Cephalon is an equal opportunity employer and is firmly committed to providing a workplace free of illegal discrimination. Cephalon supports and complies with all applicable laws regarding non-discrimination in employment, and does not discriminate on the basis of race, religious creed, colour, national origin, ancestry, sex, marital status, sexual orientation, age, physical or mental disability, or status as a disabled or Vietnam Era veteran. Additionally, Cephalon is committed to providing a workplace free of illegal harassment, including sexual harassment. We also strive to provide a workplace where employees are treated in a respectful and professional manner to foster professional growth and personal well being.

You must carefully review the appropriate Human Resources Policies and Procedures to ensure that your actions are consistent with Cephalon's expectations. It is your responsibility to conduct yourself in a manner that is consistent with our non-discrimination and other Human Resources Policies and to report any violations you observe. Managers are responsible to ensure that reports of violations are promptly investigated so that corrective action, as appropriate, can be undertaken.

#### **XVII. Environmental Health and Safety**

Cephalon is committed to operating in a manner that protects both its employees and the environment. We will comply with all applicable safety, health and environmental laws and regulations. Employees are

crucial to the furtherance of our commitment to environmental health and safety.

You must attend required safety and environmental training programs, and are responsible for following Cephalon's safety and environmental policies, procedures and standards. All managers must stay alert to potential safety, health or environmental issues as well as any violation of Cephalon policies or any laws or regulations and address them immediately and appropriately. You should promptly report any safety, health or environmental violations or concerns to your supervisor and the Worldwide Corporate Environmental Health & Safety or Legal Departments.

### **XVIII. Workplace Violence**

Cephalon is committed to a safe working environment, free of threats, intimidation and physical harm. All employees have a right to work in a safe environment and share the responsibility for assuring each other's safety. Cephalon prohibits violence-related conduct including, but not limited to, physical assaults, fighting, threatening comments, intimidation, and the intentional destruction of any company or employee property. Cephalon also prohibits the possession of weapons by any individual in company offices, or on company business or at company meetings. Any comments or behavior that could reasonably be interpreted as intent to do harm to persons or property will be considered a threat. If you believe that you may be the target of violence or threats of violence, or if you are aware of violent or threatening conduct by another individual that could result in injury to any employee or the destruction of property, you must immediately report the situation to your supervisor and the Human Resources Department.

### **XIX. Substance Abuse**

Substance abuse can result in physical and/or psychological damage, and can jeopardize the safety of employees and the quality of work produced and is contrary to Cephalon's goal of promoting a safe and effective workplace. Our policy regarding alcohol and substance abuse is intended to: a) help maintain the safety of Cephalon employees and the public; b) further employee productivity; c) help ensure the quality and safety of Cephalon's products and processes; d) help maintain the security of company property; e) assist in company investigations into possible employee impairment and workplace accidents; and f) help assure employee compliance and company compliance with applicable laws, including, among others, the Federal Omnibus Drug Act, Federal Drug Free-Workplace Act, DEA regulations and state laws.

Among other things, our policy regarding substance abuse imposes restrictions and prohibitions respecting the following while on company business time or company property:

- using or abusing alcohol or legal drugs (including controlled substances)
- possessing, using, transacting for, manufacturing, formulating, distributing or diverting any illegal drugs
- working while impaired by alcohol or any legal or illegal drug
- failing to comply with screening procedures or testing positive on a screen for alcohol or certain drugs;
- being convicted of a drug-related crime at any time and/or failing to report such conviction within 5 days

The policy also provides for:

- drug and alcohol screening for reasonable suspicion of prohibited conduct
- mandatory random screening of previous violators
- post accident-screening
- post-conditional offer screening of employment candidates
- a one time opportunity for rehabilitation in certain circumstances.

Employees needing help in dealing with alcohol or substance abuse problems are encouraged to use the Employee Assistance Program (EAP) and/or our health insurance plans, if appropriate. However, the failure of employees to abide by the terms of our policy may result in disciplinary action, up to and including termination, and may have legal consequences. Consult our Human Resources Policies and

Procedures or contact a Compliance Resource for further information.

## **XX. Foreign Corrupt Practices Act**

Cephalon complies in all respects with the Foreign Corrupt Practices Act ("FCPA"). The FCPA prohibits bribery of foreign government officials by U.S. Companies (including Cephalon and its subsidiaries, officers, directors, shareholders, employees and agents), including through the corrupt use of the U.S. mails or U.S. commerce to directly or indirectly, further:

- the offer, payment or promise or authorizing of payment of money or anything of value
- to a foreign official or foreign government or instrumentality
- for purposes of improperly inducing the foreign official or any foreign government or instrumentality to provide an improper advantage, obtain or direct business to any person, or to influence any act, decision or omission to act of the official or the instrumentality, in his, her or its official capacity

If you have any questions as to conduct or behaviors that may violate the FCPA, you may contact the Legal Department or a Compliance Resource.

## **XXI. Payments, Gifts & Gratuities**

As a pharmaceutical company, we must constantly be aware that any business interaction that involves providing or receiving gifts or entertainment can be fraught with risk.

### **A. Healthcare Providers**

In the United States, many states and the federal government have enacted broad laws, known as the "anti-kickback laws" that may penalize certain conduct related to payments and gifts. Simply stated, the anti-kickback laws provide that with certain specific exceptions, anyone who knowingly and wilfully offers compensation or reward in any form to induce healthcare providers to use a product that is reimbursed by the government is guilty of a felony. The law applies to both the party offering the compensation or reward and the party who receives it. In some states, the reach of these laws extends beyond government reimbursement.

These laws pose very real limitations on when and how we may offer gifts, rewards or anything of value to physicians or any other healthcare providers, such as pharmacy or managed care directors or others who are in a position to influence which drugs are used. Rewards such as gifts (other than those specifically authorized to be provided by Cephalon management), lavish meals, tickets to entertainment events, cash or cash equivalents (e.g., a gift certificate for use at a department or other store) or free drugs for personal use are never allowed. Moreover, other payments and benefits, like medical education grants, clinical trial participation, or participation in advisory panels may be considered illegal if they do not meet certain required criteria and the payments or benefits are used to induce or reward the purchase or prescribing of Cephalon products. For this reason, payments for services performed by physicians for Cephalon can only be made pursuant to a written agreement in a form approved by the Legal Department.

In summary, Cephalon prohibits you from improperly inducing any customer, distributor, purchaser, clinical director or other person to test, prescribe, stock or otherwise use or influence the use of our products and services.

Not all gifts are prohibited, however. For further guidance as to what types of payments or gifts may be acceptable and under what circumstances, you should talk with your supervisor and seek guidance from the Legal Department or one of the Compliance Resources.

### **B. Government Officials**

A similar policy applies with regard to gifts or payments to any elected official or government employee. Generally, nothing of monetary value (including meals, entertainment and gifts) shall

be offered or paid to any elected official, or any federal, state or local government employee or contractor (collectively referred to as "Government Employee"), unless specifically authorized by federal or state law or regulation. This policy is particularly significant where the Government Employee is in a position to arrange for the award of a purchasing contract, can secure favorable concessions or treatment on behalf of you or Cephalon, or can otherwise influence the decision to purchase, use or reimburse for the use of a Cephalon product.

Gifts or gratuities of minimal value or payments to any Government Employee which are authorized by laws or regulations may be permitted. You should discuss questions about this with a member of the Legal Department. Payments for services performed by a Government Employee can only be made pursuant to a written agreement in a form approved by the Legal Department. It is your responsibility to be aware of and comply with any governmental laws or regulations applicable to any permissible payments, gifts and gratuities to be made to any Government Employee. Prior to engaging a Government Employee to render services for Cephalon, you must consult with the Legal Department.

## **XXII. Investments and Securities Trading**

Many laws prohibit you from buying or selling stock or other securities based on certain types of information not available to the public, but known to you because of your work at Cephalon. These laws prohibit trading in the stock or other securities of any company, including Cephalon or its business partners (e.g., suppliers, vendors, co-promotion partners, etc.), on the basis of material, "inside" information. Material inside information is information not available to the public that could reasonably be expected to affect the price of the stock or security, including:

- Contracts or proposed contracts with customers, suppliers or business partners;
- Proposed acquisitions, joint ventures or divestitures;
- New products or services and regulatory approvals or disapprovals; or
- Financial performance.

Insider trading is both illegal and unethical. If you have any questions about Cephalon's Securities Trading Policy, or if you are unsure about the business conduct expected of you, please contact the Legal Department.

## **XXIII. Political Activities and Contributions**

It is Cephalon's policy to comply with all election and campaign contribution laws. Cephalon encourages all employees to be active participants in the political process. However, Cephalon prohibits the use of corporate funds, facilities, or resources for political purposes unless prior approval has been received from the General Counsel, in consultation with the Government Affairs Department.

Federal election laws prohibit campaign contributions by corporations, whether by direct or indirect use of corporate funds or resources to candidates for federal office. In the limited instances where the contribution of corporate funds are permitted under federal or state law (e.g., state party organizations, some state elections), those decisions will be made by the General Counsel, in consultation with the Government Affairs Department.

Although Cephalon does not contribute corporate funds to political campaigns except in the very limited circumstances permitted by law, we have established a political action committee (CephPAC) to support select federal and state candidates for elected office. A PAC is permitted under federal and state law and is a separate, segregated fund made up of voluntary contributions from eligible employees. These funds can be used to provide political contributions to candidates for public office in federal and Pennsylvania elections.

Personal contributions of time and/or money to political parties, campaigns, and candidates must not be conducted on company premises or during company work time. You may not use Cephalon resources or funds, directly or indirectly, to make any federal, state or local political contributions.

There may be occasions when the Government Affairs Department provides information about pending legislation that may impact Cephalon. In these instances, you may choose to voluntarily communicate your views to elected representatives in government.

If you have questions regarding the above provisions respecting political activities and contributions, please contact the Government Affairs Department.

#### **XXIV. Use of Company Property**

It is Cephalon's policy that Cephalon assets, including but not limited to ,funds, materials, equipment and services (such as telephones, fax machines, computers, internet access and e-mail), facilities, know-how and personnel be used only for legitimate company business. Use of Cephalon's systems, equipment and resources is a privilege, not a right. The Company reserves the right to access, view and audit all usage of Company systems, equipment and resources, and employees have no expectation of privacy in their use. These systems and equipment may not be used in connection with any inappropriate or offensive material, including without limitation any illegal, improper, false, offensive, pornographic or obscene material. Theft of any Company equipment, property or funds, including, without limitation, the submission of inappropriate or fraudulent requests for reimbursement of expenses, will not be tolerated.

Without the approval of the Executive Committee member in charge of your department, you may not:

- Use any corporate property (facilities, equipment, supplies or time), or the services of other Cephalon personnel, for your own advantage or benefit or for improper purposes.
- Use corporate letterhead paper when writing letters on personal or other matters not directly related to company business.
- Conduct any outside work, including political or charitable activities, at a Cephalon facility.
- Distribute literature or other printed materials not related to work at a Cephalon facility.
- Sell merchandise (other than items of nominal value, such as Girl Scout cookies).
- Solicit financial contributions for religious or commercial causes at a Cephalon facility.

#### **XXV. Proprietary and Confidential Information**

To aid you in performance of your duties, Cephalon strives to keep you informed on matters relevant to your job. Appropriate dissemination of information is critical to our success. Often, such information includes proprietary and/or confidential information of Cephalon, such as intellectual property. In addition to patents, examples of other information requiring protection include business forecasts, marketing and product plans and strategies, scientific and R&D, technical and manufacturing information and similar information.

Such proprietary and/or confidential information is one of our most valuable assets. We must be vigilant in protecting it against unauthorized disclosure. When in doubt, you should treat all information as confidential and proprietary until you can discuss it with your manager or the Legal Department.

Confidential information should never be discussed with any person outside of Cephalon unless that person is authorized to receive such information. Before discussing any confidential information with anyone outside Cephalon, always confirm that a confidentiality agreement protecting such information has been signed by that person or his or her employer or that a legal obligation to maintain the confidentiality of such information otherwise exists. Even when you leave the employ of Cephalon, you must nevertheless return to Cephalon, and continue to preserve the secrecy of, any confidential or proprietary information.

#### **XXVI. Respect for Copyrights**

Cephalon requires you to comply with copyright law, which entitles a copyright owner to have exclusive control over the reproduction and derivations of a copyrighted work. Wrongful copying of copyrighted materials can result in liability to both the individual and Cephalon. Penalties may include monetary

damages, which may be substantial, and even criminal sanctions.

Materials subject to copyright protection may include: a) any written material, such as library books, loose-leaf services, newspapers, periodicals and seminar materials, whether in hard copy or electronic form; and b) software, instructions, and manuals. Certain works may not have copyright protection, such as those created by federal governmental bodies (courts, agencies, legislatures, etc.), works in the public domain without copyright notice or works whose copyright has expired.

Exceptions may apply. However, as a general rule, assume that any work, in either written or electronic form, is copyrighted. If in doubt, contact the Legal Department.

### **XXVII. Recordings**

In order to ensure the candid and free flow of information within Cephalon, and because recordings made without prior notice may violate a number of state laws, you must not record (e.g., tape-record, videotape, etc.) any personal or business conversations or meetings at any location, either in person or via telephone, videoconference, or other means, without the prior written approval of the Legal Department and all participants in the conversation or meeting.

### **XXVIII. Media and Public Relations**

Cephalon strives to provide timely and accurate information on business issues of importance to our employees, customers, the media, patients, government entities, stockholders, and the general public. Accordingly, Cephalon has established policies and procedures for communicating to such audiences that are administered by the Corporate Communications Department.

It is important to remember that employees are not free to speak on behalf of Cephalon. Seemingly innocent or routine inquiries may have broad implications that are not readily apparent. Only authorized personnel of the Corporate Communications Department or their designees are permitted to issue statements on behalf of Cephalon. For this reason, any inquiry from outside Cephalon made directly to an employee other than an official spokesperson of Cephalon must be referred to the Corporate Communications Department.

### **XXIX. Cooperation with Government Investigations**

Many of the laws regulating the conduct of Cephalon's business, including pharmaceutical development and manufacturing, contain criminal as well as civil penalties. The criminal penalties attach not only to Cephalon but also may attach to individuals within Cephalon who act in violation of applicable laws. Governmental agencies (such as the FDA and the SEC) that administer these laws may from time to time conduct audits or investigations of activities at Cephalon.

It is Cephalon's policy to cooperate with every reasonable and valid request by federal, state and local government investigators. Proper handling of government investigations is critical to Cephalon and all of its employees. Cephalon has the right, consistent with legal requirements, to determine how it will respond to any particular inquiry, including whether to be represented in such inquiries by legal counsel.

If you receive a work-related subpoena or government request for information or access to company documents or files, contact the Legal Department immediately and provide the request. If you otherwise learn that there is a government investigation or inquiry of interest to Cephalon underway, please inform the Legal Department promptly so that Cephalon may take appropriate steps.

If a government agent asks to question you about your employment at Cephalon, you should know that it is exclusively your decision whether to agree or decline to be interviewed by the government agent. You should also know that you have certain rights when you are approached by a government agent, including the right to consult with others, including your own lawyer or Cephalon's lawyers, and to have others present, including a lawyer, if you agree to answer the government agent's questions. You also

have the right to request that you be interviewed at a more convenient time and place. Cephalon requests that, whichever way you decide to proceed, you immediately contact the Legal Department so that Cephalon may take appropriate steps.

If you do agree to speak with a government agent, please keep in mind the following guidelines:

- **Verification of the investigator's authority:** You have a right to a clear statement and documentation (such as an agency badge or identification card) of a government agent's law enforcement status. You may also ask what the investigation is about and whether you are suspected of doing anything wrong or improper.
- **Discussions with investigators:** You must always speak truthfully to a government agent. Never lie or make misleading statements to investigators or pressure anyone else to do so. Never alter or destroy company records in anticipation of, or in response to, a request or subpoena from a government agency, a court order, or pressure from anyone else to do so. You have a right to create a record of what you were asked and how you responded (Note: if you choose to create such a record, it is recommended that you do so during or shortly following an interview, so as to maximize accuracy).
- **Company Documents and Information:** All Cephalon files and documents of any kind (including computer files and documents) that you have at home, work or elsewhere are the property of Cephalon. You are not authorized by Cephalon to reveal privileged or proprietary Cephalon documents or information without Cephalon's specific consent. In fact, except in the case of a routine scheduled inspection pursuant to, e.g., GMP, GLP or GCP regulations (about which you should nevertheless provide the Quality Assurance and Legal Departments with advance notice), specific advance authorization from the Legal Department is required before turning over any files or documents to a government agent unless the government agent presents you with a court-ordered Search Warrant. If you are presented with a court-ordered Search Warrant, you should not interfere with the search. Contact the Legal Department immediately so that Cephalon can take appropriate steps. In contrast to these procedures related to government agents, private investigators have no legal basis to require Cephalon employees to speak to them, and you are not authorized to speak with or provide documents to any such persons about company business without prior approval from the Legal Department.

If you have any questions about what you should or should not do in connection to any inquiry for information about your work for Cephalon, or if you wish to seek clarification about any of these provisions, please contact the Legal Department.

### **XXX. Notice of Legal Action**

From time to time, Cephalon may be involved in various types of litigation or legal action. Cephalon may first receive notice of actual or threatened legal action in the form of a letter or in the form of a summons and complaint. If you receive any such notification or threat of a lawsuit against Cephalon or against you acting in your capacity as a Cephalon employee, you must immediately report this notification to the Legal Department.

Prompt reporting to the Legal Department is important because if a lawsuit has actually been filed, Cephalon must generally respond by setting forth its position and its defenses to the allegations within a limited time or risk suffering a default judgment. Additionally, only a limited number of Cephalon personnel are authorized to accept a summons or subpoena on Cephalon's behalf. If any unauthorized employee is ever asked to accept a summons or subpoena, he or she should politely decline and refer the matter to the Legal Department.

If you have any questions about what you should do in the event you receive a notice of legal action, please contact the Legal Department for further information.

### **XXXI. The Cephalon Corporate Compliance Program**

These Standards of Business Conduct have been issued as part of our Corporate Compliance Program.

The Compliance Program in the United States includes the following components, among others:

- The Code of Ethics for Financial Officers
- The Sales Policy Handbook
- Pocket Version of Sales Policy Handbook
- Marketing Policies
- The Compliance Policies (as defined above)
- The Compliance Resources (as defined below)
- Ethics and Compliance HelpLine
- Training, Monitoring and Enforcement Activities

Many of these materials are available on the Cephalon intranet and accessible from the Ethics and Compliance tab. The Compliance Program is administered by our Compliance Committee. The Compliance Committee consists of the following individuals. Please note that phone extensions are listed. If calling from outside the Company, first dial 1-(610)-73, then the extension:

- Robin DeRogatis, Vice President, Human Resources.....x86434
- Richard Kaplan, Vice President, Quality Assurance.....x86534
- Ernest Kelly, Vice President, Worldwide Quality.....x86854
- Michael Mullholland, Vice President, US Pharmaceutical Operations.....x86488
- Eric Siegel, Vice President, Deputy General Counsel  
& Chief Compliance Officer (Chair).....x86830
- Jordan Cooper, Assistant General Counsel..... x86415
- Randall Zakreski, Associate General Counsel..... x86679