Par Pharmaceutical Companies, Inc.

Corporate Governance Guidelines

I. Introduction

The Board of Directors (the "Board") of Par Pharmaceutical Companies, Inc. (the "Company) has adopted these corporate governance principles (the "Guidelines") to promote the effective functioning of the Board and its committees, to promote the interests of stockholders, and to ensure a common set of expectations as to how the Board, its various committees, individual directors and management should perform their functions.

II. Board Composition and Size

The members of the Board should collectively possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Company's business. A majority of the Board shall consist of directors who the Board has determined are "independent" under the rules of the New York Stock Exchange, Inc. (an "Independent Director").

The Board shall consist of no less than three nor more than 13 members in order to facilitate its functioning, the actual number of directors to be determined from time to time by the Board in accordance with the Company's Certificate of Incorporation and Bylaws, and pursuant to duly adopted resolutions of the Board.

III. Selection of Chairman of the Board and Chief Executive Officer

The Board shall select its chairman (the "Chairman") and the Company's chief executive officer (the "CEO") in any way it considers in the best interests of the Company. Therefore, the Board does not have a policy on whether the role of Chairman and CEO should be separate or combined and, if it is to be separate, whether the Chairman should be selected from the independent directors or should be an employee of the Company.

IV. Selection of Directors

Nominations and Appointments. The Board's Nominating-Corporate Governance Committee shall be responsible for identifying and recommending to the Board qualified candidates for Board membership, based primarily on the following criteria:

- Judgment, character, expertise, skills and knowledge useful to the oversight of the Company's business;
- Diversity of viewpoints, backgrounds, experiences and other demographics;
- Business or other relevant experience; and
- The extent to which the interplay of the candidate's expertise, skills, knowledge and experience with that of other Board members will build a Board that is effective, collegial and responsive to the needs of the Company.

The Nominating-Corporate Governance Committee shall also be responsible for initially assessing whether a candidate would be an Independent Director. The Board, taking into consideration the recommendations of the Nominating-Corporate Governance Committee, shall be responsible for selecting the nominees for election to the Board by the stockholders and for appointing directors to the Board to fill vacancies, with primary emphasis on the criteria set forth above. The Board, taking into consideration the assessment of the Nominating-Corporate Governance Committee, shall also make a determination as to whether a nominee or appointee would be an Independent Director.

V. Continuation as a Director

Resignation of Chairman or CEO. A Chairman or CEO who resigns from that position shall tender to the Board a letter of proposed resignation from the Board. The Nominating-Corporate Governance Committee shall review such director's continuation on the Board, and recommend to the Board whether, in light of all the circumstances, the Board should accept such proposed resignation or request that such director continue to serve.

Change In Job Responsibility. When a director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board, the director shall tender a letter of proposed resignation from the Board to the chairperson of the Nominating-Corporate Governance Committee. The Nominating-Corporate Governance Committee shall review the director's continuation on the Board, and recommend to the Board whether, in light of all the circumstances, the Board should accept such proposed resignation or request that the director continue to serve.

VI. Director Succession

Directors shall be required to retire from the Board at the next Annual Meeting of Stockholders following the director reaching the age of 72 or older. However, upon the vote of a majority of the members of the Board, this requirement may be waived.

VII. The Committees of the Board

The Board shall have at least three committees: the Audit Committee, the Compensation and Management Development Committee and the Nominating-Corporate Governance Committee (the "Committees"). Each Committee shall have a written charter. The Board expects to accomplish a substantial amount of its work through the Committees. Each Committee shall report regularly to the Board summarizing the Committee's actions and any significant issues considered by the Committee.

Each of the Audit Committee, the Compensation and Management Development Committee and the Nominating-Corporate Governance Committee shall be composed of no fewer than three members. Each Committee member must satisfy the membership requirements set forth in the relevant Committee charter. A director may serve on more than one Committee.

Each of the Audit Committee, the Compensation and Management Development Committee and the Nominating-Corporate Governance Committee shall be responsible for identifying Board members qualified to fill vacancies on its respective Committee and recommending that the Board appoint the identified member or members to such Committee. A majority of the non-management directors of the Board, taking into account the views of the Chairman, shall designate one member of each Committee as chairperson of such Committee.

VIII. Board and Committee Meetings

The Board shall have at least four meetings each year. Further meetings shall occur if called by the Board, the Chairman, the chairperson of any Committee, any vice chairman of the Board, the CEO, a president, a chief operating officer or any two directors. The Board may act by unanimous written consent in lieu of a meeting.

Each Committee shall have the number of meetings provided for in its charter, with further meetings to occur (or action to be taken by unanimous written consent) when deemed necessary or desirable by the Committee or its chairperson.

The agenda for each Board meeting shall be established by the Chairman and CEO. Any Board member may suggest the inclusion of additional subjects on the agenda. The agenda for each Committee meeting shall be established by the Committee chairperson in consultation with appropriate members of the Committee and with management. Although management will seek to provide appropriate materials in advance of Board and Committee meetings, this will not always be consistent with the timing of transactions and the operations of the business, and in certain cases it may not be possible to circulate materials in advance of the meeting. Materials presented to the Board and Committee members should provide the information needed for the directors to make an informed judgment or engage in informed discussion.

At least annually, the Chairman and CEO shall issue to the other Board members a schedule of the foreseeable primary agenda subjects intended to be discussed by the Board, and each Committee's chairperson shall issue to the other Committee members a schedule of the foreseeable primary agenda subjects intended to be discussed by the Committee.

Unless a Committee expressly determines otherwise, the agenda, materials and minutes for each Committee meeting shall be available to all directors, and all directors shall be free to attend any Committee meeting. In addition, all directors, whether or not members of the Committee, shall be free to make suggestions to a Committee chairperson for additions to the agenda of his or her Committee or to request that an item from a Committee agenda be considered by the Board.

IX. Executive Sessions

To ensure free and open discussion and communication among the non-management directors such directors shall meet in executive session at least twice a year with no members of management present.

The non-management directors shall designate a lead director who shall preside at the executive sessions.

These executive sessions shall serve as the forum for the annual review of the Company’s management succession plan and the annual performance evaluation of the CEO. The mechanics for reviewing the management succession plan and performing an annual evaluation of the CEO are set forth below:

1. ***Management Succession and Performance.*** The non-management directors shall review and concur in a management succession plan, developed by the CEO, to ensure continuity in senior management. This plan, on which the CEO shall report at least annually, shall address:

   - emergency CEO succession;
   - CEO succession in the ordinary course of business; and
   - succession for the other members of senior management.

   The plan shall include an assessment of senior management experience, performance, skills and planned career paths.

2. ***Evaluating the CEO.*** The non-management directors shall annually conduct an evaluation of the performance of the CEO. Such report shall be communicated to the Chairman, if there is one, or the CEO.

X. Board Responsibilities

The business and affairs of the Company are managed by or under the direction of the Board in accordance with Delaware law. The Board's responsibility is to provide direction and oversight. The Board establishes the strategic direction of the Company and oversees the performance of the Company's business and management. The management of the Company is responsible for presenting strategic plans to the Board for review and approval and for implementing the Company's strategic direction. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company.

The Board also has the obligation to review and approve significant transactions. Board approval of a particular transaction may be appropriate because of several factors, including:

- legal or regulatory requirements,
- the materiality of the transaction to the Company's financial performance, risk profile or business,
- the terms of the transaction, or
- other factors, such as the entering into of a new line of business or a variation from the Company's strategic plan.
- To the extent the Board determines it to be appropriate, the Board shall develop standards to be utilized by management in determining types of transactions that should be submitted to the Board for review and approval or notification.

XI. Expectations for Directors

The Board has developed a number of specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the efficient conduct of the Board's business. It is understood that the non-management directors are not full-time employees of the Company.

1. ***Commitment and Attendance.*** All directors should make every effort to attend meetings of the Board and the Committees of which they are members. Attendance by telephone or video conference may be used to facilitate a director's attendance.

2. ***Participation in Meetings.*** Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and the competition it faces, to ensure active and effective participation in the deliberations of the Board and of each Committee on which he or she serves. Upon request, management shall make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its Committees and should arrive prepared to discuss the issues presented.

3. ***Loyalty and Ethics.*** In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interest possessed by a director.

   The Company has adopted a Code of Business Conduct and Ethics. Certain portions of the Code deal with activities of directors, particularly with respect to potential conflicts of interest, the taking of corporate opportunities for personal use and transactions in the securities of the Company. Directors should be familiar with the Code's provisions in these areas and should consult with the Company's ethics officer or corporate counsel in the event of any issues.

4. ***Other Directorships and Significant Activities.*** The Company values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities may also present demands on a director's time and availability and may present conflicts or legal issues, including independence issues. Directors should advise the chairperson of the Nominating-Corporate Governance Committee and the CEO before accepting membership on other boards of directors or any audit committee or other significant committee assignment on any other board of directors, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the director's relationship to the Company.

5. ***Contact with Management and Employees.*** All directors shall be free to contact the CEO at any time to discuss any aspect of the Company's business. Directors shall also have complete access to other employees of the Company. The Board expects that there will be frequent opportunities for directors to meet with the CEO and other members of management in Board and Committee meetings, or in other formal or informal settings.

   Further, the Board encourages management to bring into Board meetings from time to time (or otherwise make available to Board members) individuals who can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas.

6. ***Speaking on Behalf of the Company.*** It is important that the Company speak to employees and outside constituencies with a single voice, and that management serve as the primary spokesperson. If a situation does arise in which it seems necessary for a non-management director to speak on behalf of the Company to one of these constituencies, the director should seek appropriate authorization.

7. ***Confidentiality.*** The proceedings and deliberations of the Board and its committees shall be confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

8. ***Conflicts of Interest.*** Directors must disclose to the rest of the members of the Board (or any Committee in which such directors are members) any potential conflict of interest that they may have with respect to a matter under discussion and, if appropriate, refrain from voting on a matter on which they may have a conflict.

XII. Evaluating Board and Committee Performance

The Board shall conduct an annual self-evaluation. Each Committee shall conduct an annual self-evaluation as provided for in its respective charter.

XIII. Orientation and Continuing Education

Management, working with the Board, shall provide an orientation process for new directors, including background material on the Company and its business. As appropriate, management shall prepare additional educational sessions for directors on matters relevant to the Company and its business.

XIV. Reliance on Management and Outside Advice

In performing its functions the Board shall be entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. Except as otherwise provided in a charter of a Committee, the Board shall have the authority to select, retain, terminate and approve the fees and other retention terms of its outside advisors.