

AKORN, INC.
CODE OF ETHICS

I. Introduction

A. Purpose of Code

Akorn, Inc., and its subsidiaries (collectively, "Akorn") is committed to the highest standards of legal and ethical conduct. References to "you," "our," "us," etc. apply to Akorn employees and directors. You are responsible for helping Akorn maintain its good reputation and the trust and confidence of its stockholders, its employees, the public and those with whom Akorn does business.

The guidelines contained in this Code of Ethics ("Code") set forth standards of conduct that Akorn requires of you as members of Akorn. Any activity contrary to these guidelines is prohibited and is not within the scope of your employment or authority.

B. Distribution and Commitment

Each Akorn employee and director will be given a copy of the Code. Each of you will be required to certify that you (i) have read and understand the guidelines contained in the Code, (ii) will comply with the Code, (iii) do not have a conflict of interest in connection with the services you render to Akorn and (iv) agree, in the event of a conflict of interest to give notice to Akorn in the terms contained in the Code.

If you are a senior managerial employees of Director level or higher, you will be required to certify annually that you: (i) have complied and do currently comply fully with the guidelines in the Code, (ii) have discussed with those employees who report to you of their continuing obligation to observe the Code, and (iii) know of no situation that is or was a violation of the guidelines set forth in the Code. Other employees may be required to periodically provide similar certification regarding the Code.

C. Personal Responsibility

You are responsible for acquainting yourself with the guidelines set forth in the Code and the standards of conduct and restrictions applicable to you, and for conducting yourself accordingly. If you are a supervisor or manager, you are also responsible for ensuring that the employees within your supervision know these standards and know that failure to abide by these guidelines will subject her or him to disciplinary action up to and including termination of the employment relationship.

Akorn recognizes that the guidelines contained in this Code are extensive and that some of them may have little or no bearing on the conduct, activities, or relationships necessary for you to carry out your current duties and responsibilities. Nevertheless, we want all of our employees to be aware of the standards of conduct set forth in these guidelines. If you have any questions about whether any section of these guidelines pertains to your activities in performing the duties and responsibilities of your particular position with Akorn, you should discuss the matter with your supervisor. In general, you

should discuss any questions or difficulties with your immediate supervisor, who is responsible for seeing that the matter is resolved promptly. The Ethics Officer is also available to answer questions about these guidelines.

D. Consequences of Violating the Code

If you violate the Code, disciplinary action may be taken against you, up to and including termination from employment.

II. REPORTING VIOLATIONS

A. Reporting Violations of the Code

You should report violations of the Code to the Ethics Officer or to your immediate supervisor. If you are a supervisor and you receive a report of a violation of the Code, you should promptly notify the Ethics Officer.

B. Reporting Violations of the Law

You are expected to comply with applicable laws. Whether or not a law is specifically referenced in the Code, you are expected to understand and follow the laws and policies that apply to your particular job and level of responsibility. You are also responsible for seeking advice when needed, raising concerns, and reporting violations of applicable laws and Akorn policy. You should report to the Ethics Officer or to your immediate supervisor any situation in which you reasonably believe another employee of Akorn may be violating the law in connection with their employment at Akorn.

C. There is No Retaliation for Reporting Violations

If you know of, or suspect, a violation of the Code or of applicable laws, you must notify your immediate supervisor or the Ethics Officer. **Do not be hesitant to report something for fear of retaliation. Akorn will not tolerate retaliation for reporting a concern or violation.** Akorn will not discharge, demote, suspend, threaten, harass, or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints.

III. CONFLICTS OF INTEREST

A. General Statement

Employees shall devote their best efforts and attention to the performance of their jobs. They are expected to use good ethical judgment, and to avoid situations that create an actual or potential conflict between the employee's personal interests and the interests of Akorn. A conflict of interest also exists where the employee's loyalties or actions are divided between Akorn 's interests and those of another, such as a competitor, supplier, or customer. Both the fact and the appearance of a conflict should be avoided. Employees

unsure as to whether a certain transaction, activity, or relationship constitutes a conflict of interest should discuss it with their immediate supervisor.

While it is not feasible to describe all possible conflicts of interest that could develop, the following are some of the more common examples.

B. Examples of Conflicts

- **Financial Interest in Another Business.** You should not have a direct or indirect financial interest in a customer, supplier, competitor or others with whom Akorn does business. The ownership of less than one percent (1%) of the publicly traded stock of a corporation will not be considered a conflict. The employee that has a conflict of interest may not perform a job in which he has influence or makes decisions in connection with Akorn's business. If you or someone with whom you have a close relationship (for example, a family member) has a financial or employment relationship with a competitor, customer, supplier, or potential supplier, you must disclose this fact in writing to the Audit Committee of the Akorn Board of Directors (the "Audit Committee").
- **Other Employment and Outside Activities.** You should not work for, become directly or indirectly involved with, or receive compensation of any sort from, a customer, supplier or competitor of Akorn or others with whom Akorn does business. You should not engage in any activity, including self-employment, which may be competitive with or contrary to the interests Akorn, or which reduces your efficiency in performing your duties at Akorn. If you have a second job, including self-employment, or if you are considering working in a second job, including self-employment, you must notify the Ethics Officer for approval.
- **Corporate Opportunities.** Business opportunities you learn about as a result of employment with Akorn belong to Akorn, if within the scope of Akorn's existing or contemplated business, and should not be taken advantage of for personal gain unless prior written approval is received from the Audit Committee.
- **Related Party Transactions.** You may not conduct Akorn business with related parties without the prior written consent of the Audit Committee. Related parties are those who do not deal with you at arm's length, e.g., family members, friends or organizations with which you have a close relationship.
- **Sales to or Purchases from Akorn.** You should not sell any goods or services to or buy anything from Akorn (except pursuant to an Akorn program to dispose of Akorn property or products).
- **Use of or Appropriation of Akorn Assets or Labor Prohibited.** You may not take or use any of Akorn's property, equipment, supplies, labor or services for your own personal benefit or for the benefit of anyone else.

C. Entertainment, Gifts, Gratuities and Other Business Courtesies

Any form of a gift that obligates you to act in a particular manner with regard to Akorn's business is a bribe and is not allowed, regardless of its value.

In some limited circumstances it may be customary or appropriate to exchange gifts and entertainment with customers and suppliers, and it similarly may be customary and appropriate to arrange or take part in programs and events that include meals and lodging. Acceptance of any gift must not compromise your ability to act in Akorn's best interest or reflect a pattern of frequent acceptance of gifts from the same company or person. Gifts of a commercial or promotional nature are acceptable only if their value does not exceed \$25. Asking for gifts is always prohibited. Accepting cash or cash equivalents is also prohibited, regardless of amount. If you are unsure about accepting a gift, ask your supervisor or the Ethics Officer for guidance.

You may provide meals, entertainment or other business courtesies to non-government persons in support of business activities, provided the employee's supervisor approves and the practice does not violate any laws or regulations or the standards of conduct of the recipient's organization. Any courtesy must be infrequent and not lavish or extravagant. Giving cash or cash equivalents is prohibited, regardless of amount. Should any such payment be requested, the Ethics Officer should be contacted immediately.

D. Dealing with Government Officials

Special rules often apply to conducting business with governments as opposed to private parties. You should consult with the Ethics Officer to be certain that you are aware of any such rules and you must have approval of the Ethics Officer before providing anything of value to a government employee. Akorn prohibits the payment of bribes to government employees. This prohibition includes political parties and candidates for political office.

The prohibition on bribes applies to third parties acting on behalf of Akorn, including all consultants and suppliers. You must not engage a contractor or consultant if you have reason to believe that the contractor or consultant may attempt to bribe a government official.

IV. CONFIDENTIAL INFORMATION

A. General Statement

You are responsible for safeguarding confidential information of Akorn and others against unauthorized disclosure. You are responsible for not disclosing confidential information to others outside and within Akorn, except on a "need to know" basis.

B. Definition of Confidential Information

Confidential information includes any information, whether or not marked "confidential," which has not been generally disclosed either outside or within Akorn and which might be useful or helpful to competitors, investors, financial analysts or others who are interested in Akorn. Examples of confidential information include computer records, financial data, planned new products or product improvements, advertising or marketing programs, expansion or contraction plans, lists of suppliers or customers, lists of employees, wage and salary data, personnel files or other personnel data, capital investment plans, projected revenues and earnings and changes in management, levels of staffing, or policies of Akorn. Other examples include confidential information of other companies received by Akorn under a confidentiality agreement. You should treat the confidential information of other persons or companies with the same level of confidence Akorn confidential information.

C. Insider Trading

Akorn's common stock is publicly traded. Akorn has adopted an Insider Trading Policy which restricts trading in Akorn's securities by employees and directors of Akorn and their families. Trading restricted by the Insider Trading Policy includes activities involving short sales, puts, calls or other options on Akorn's securities. This Insider Trading Policy also applies to trading in securities of competitors, suppliers, customers, or any other company if you have material non-public information. It is required that you comply with the Insider Trading Policy.

V. GOVERNMENT RELATIONS AND CONTRACTS

A. General Statement

It is Akorn's policy that in all business dealings Akorn will strictly observe the laws, rules and regulations which govern dealings with federal, state and local governments.

You may not seek or accept government information, or information from competitors, whether orally or in writing, where there is reason to believe that the release of such information is unauthorized or would give Akorn an unfair competitive advantage. This restriction applies to business information on procurement and competitive bids and proposals.

B. Political Activity

Akorn encourages all employees to vote and be active in the political process. However, federal and state laws restrict the use of corporate funds, directly or indirectly, in connection with political parties and electoral procedures. Accordingly, it is against Akorn policy, and may also be illegal, for you to: (i) obtain, directly or indirectly, reimbursement from Akorn for any political contribution or donation, including the cost of fund-raising tickets for political contribution, (ii) use any Akorn property or facilities for any political activity, or (iii) use Akorn time for any political purpose. The political

process has become highly regulated, and if you have any questions about what is or is not proper, you should consult with the Ethics Officer before agreeing to do anything that could be construed as involving Akorn in any political activity.

C. Government Investigations

- **Policy of Cooperation.** It is Akorn's policy to cooperate fully with any appropriate governmental investigation. No employee should ever (i) destroy any Akorn documents in anticipation of a request for those documents from a government agency or a court, (ii) alter any Akorn documents or records, except as provided in corporate policy and procedures manuals (iii) lie or make any misleading statements to any government investigator, or (iv) attempt to improperly influence an employee or any other person not to provide information to any government investigator or to provide false or misleading information.
- **Notify the Ethics Officer First.** Akorn has the right to legal representation. Therefore, if you are approached by any government investigator regarding Akorn or any of its subsidiaries, or your activities related to employment at Akorn, you should first consult with the Ethics Officer before answering any questions, even if the request is made at your home in the evening. In addition, you should advise the Ethics Officer if, at any time, you have reason to believe that a government investigation might occur or if you believe that a government investigation is underway.

VI. FOREIGN PRACTICES

A. Compliance with the Law

Akorn has dealings involving foreign countries. It is Akorn's policy to observe the highest ethical standards in its business transactions involving foreign countries and to comply with local laws and applicable foreign law. Some laws of the United States of America, examples of which are set forth below, are also applicable to the activities of employees in foreign countries. You should do nothing in any foreign country that would be illegal or improper in the United States of America.

B. Foreign Transactions and Payments

- **Foreign Corrupt Practices Act.** Payments, including gifts, to foreign or domestic government officials, political parties, candidates for political office and other foreign or domestic agents, are prohibited if made to obtain or retain business or otherwise influence government action or inaction or induce an official to use influence to affect a decision by someone else in his/her government. A "government official" includes employees or agents of a business which is owned or controlled by a government, or government official. You are also prohibited from making payments or gifts to third parties where you have reason to believe that a portion of the payment or gift will be offered to a government official.

- Antiboycott Laws. You are prohibited from furnishing any information including bills of lading and other shipping documents to countries or companies, relating to our dealing or lack of dealings with Israel. Not only is furnishing the information illegal, but the laws require in certain cases, reporting of the mere request for such information. Notify the Ethics Officer immediately if any such request is made.
- Export Controls. If you are involved in export transactions, you must satisfy yourself that there is some regulation or specific export permit which covers the export of goods or services, and you should be truthful and accurate in furnishing information to the government and others regarding such exports. You should be alert to situations in which inaccurate information may have been furnished involving the ultimate destination or use of the goods. If in doubt, you should contact the Ethics Officer.
- Imports. All goods imported into the United States of America must pass through customs, and except in some limited cases, a duty must be paid. All information which anyone in Akorn furnishes to facilitate imports must be accurate and truthful. You should be especially alert to the possible transportation of illegal drugs which could subject Akorn's property to seizure and possibly involve prosecution of Akorn and/or its employees by the government.

VII. CONSULTANTS AND SUPPLIERS

Consultants and suppliers that we do business with must abide by certain standards. At a minimum, our consultants and suppliers:

- must not have any financial interest in a competitor of Akorn, unless such is disclosed in writing to the Audit Committee and its written consent is obtained;
- must operate in compliance with all applicable laws, including concerning occupational health, safety and environmental protection;
- must not use, sell or possess illegal drugs or alcoholic beverages on Akorn's premises or while engaged in the production of Akorn's supplies on their premises;
- must maintain confidentiality regarding their business relationship with Akorn, including information about Akorn's intellectual property, pricing, manufacturing techniques or even the existence of a business relationship with Akorn;
- must not offer or accept bribes or kickbacks; and
- must deliver a letter to Akorn to the effect that they understand the guidelines applicable to them as set forth in the Code.

VIII. PUBLIC RELATIONS

A. Stockholders

Akorn values its relationships with its stockholders. Any communication from a stockholder requesting information relating to Akorn should be forwarded to the Investor Relations department for handling.

B. Media

Akorn likewise values its relationships with the media and will endeavor to provide full and prompt disclosure of all material developments or events. Media relations are the responsibility of Akorn Investor Relations department and all statements to the media or responses to inquiries from the media shall be either handled through that department or coordinated with them. Any employee asked for any statement from any member of the media should respond by explaining this policy and encouraging the questioner to contact the Investor Relations department.

C. Advertising

- **Truthful Advertising.** Our advertising should always be truthful and not misleading. If Akorn makes specific claims about our services or our performance, Akorn should have evidence to substantiate those claims.
- **Do Not Disparage Competitors.** You should not disparage the products, services or employees of our competitors. If Akorn does compare itself to competitors, such comparisons should be fair. Comparative advertising is subject to regulation and should, therefore, be cleared with Akorn's outside legal counsel beforehand.
- **Compliance with Laws.** Advertising regarding medical-related products is highly regulated. All Akorn advertisements must be in full compliance with applicable state and federal laws.

D. Internet Communication--Chatrooms, Message Boards and Bulletin Boards

As noted above, media relations and public communication regarding Akorn are the responsibility of Akorn's Investor Relations department. Akorn employees are prohibited from participating or assisting others in participating in chatrooms, message boards, bulletin boards or any other type of public communication or debate regarding Akorn or any securities relating to Akorn, including its common stock, warrants or options. This prohibition applies to both positive communication, which praises Akorn or its securities and negative communication, which criticizes Akorn or its securities. If you become aware of internet or other communication which you believe should be brought to the attention of Akorn, we encourage you to inform the Investor Relations department.

IX. ANTITRUST LAWS

A. General Statement

Akorn's policy is to comply fully with both the letter and spirit of all of the United States of America antitrust laws. Akorn believes that free competition is fundamental to the free enterprise system. The basic idea is that all companies should compete individually rather than join together in agreements that restrict competition.

B. Pricing

Competitors cannot agree on or manipulate the prices they will charge for their products and services. You should never discuss our pricing or pricing practices with a competitor.

C. Relations with Competitors

It is unlawful and against Akorn policy to collaborate or exchange information with competitors or to restrain competition in any way, such as by dividing customers or markets.

D. Monopolization

It is illegal for a company to "monopolize" a market. While Akorn believes it does not have a monopolistic position in any relevant market or a desire to achieve or the reasonable probability of achieving such a monopolistic position, you should avoid any conduct that could be termed "predatory." Examples include:

- Avoiding Harmful Pricing. Akorn may not set very low prices in order to drive out a competitor with the intention of raising those prices back up again when the competitor has been driven out of the marketplace.
- Sell on Positives, Not Negatives. Akorn may not take any other action specifically aimed at harming any individual competitor. Our business decisions and our marketing practices should all be made positively with a view toward increasing our own sales and profits rather than negatively with a view toward reducing some other company's sales or profits.

E. Tying Arrangements

Tying arrangements exist when a company conditions the sale of one product or service on the buyer purchasing some other product or service. Never imply to a customer that the availability of any of our services or products is conditioned on the purchase of any other service or product of Akorn.

F. Boycotts

Akorn has a clear, legal right to decide to whom it will offer its products or services. This right, however, must be exercised by Akorn itself, and not in conjunction with other companies. Employees should not discuss with others who we will or will not do business with and should not attempt to persuade any other company not to do business with someone else.

G. Dealing with a Competitor

We should never condition the sale of our services on our customer's refusal to deal with other competitors.

H. Participation in Trade Associations

Because of the possible antitrust difficulties that can arise in conjunction with trade and chamber association activities, you should not join any trade association or attend any trade association meeting unless there are clear business benefits to be obtained from attendance. If a competitor begins to discuss prices or other prohibited topics, you should refuse to participate, and if the discussion is not stopped immediately, you should leave.

X. BUSINESS AND ACCOUNTING PRACTICES

A. Internal Controls

You should ensure that:

- Transactions are executed in accordance with the management authority; and
- Transactions are recorded in sufficient detail to maintain and keep proper accounting systems.

B. SEC Reporting

If you assist with preparation of reports to be filed with the Securities and Exchange Commission or with preparation of information to be included in such reports you must strive to provide full, fair, accurate, timely, and understandable disclosure.

C. Accounting Irregularities

If Employees have any complaints about handling of Akorn's SEC reporting, internal accounting, or auditing matters, it should be immediately reported through Akorn's anonymous, confidential reporting system using the means described in Akorn's Whistleblower Policy, which is accessible on Akorn's website.

D. Written Terms of Purchase and Sale

All terms of purchase and sale and other significant business transactions must be in writing. No oral agreements or amendments should be made.

E. Undisclosed Funds Prohibited

You should not under any circumstances keep Akorn funds in undisclosed or unrecorded accounts for any purpose. All accounts must be disclosed to Akorn's Chief Financial Officer.

F. No False Entries

No false or misleading entries should be made in Akorn's books or records for any reason.

G. Proper Documentation

No payment (or reimbursement) of expenses should be made without adequate supporting original documentation or authentic and official invoices which establish the business purpose for such expenditure.

XI. HUMAN RESOURCES AND EMPLOYMENT

A. Environmental

You are responsible for performing your duties and responsibilities with the highest regard for compliance with environmental laws and regulations as established by local, state and federal agencies.

You shall not knowingly or willfully violate established environmental laws or regulations.

If you observe a violation of any local, state or environmental law or regulation, you shall immediately report such violation. Akorn supports and complies with both the letter and spirit of all local, state and federal laws and regulations that protect our country's environment.

B. Safety

You are responsible for performing your duties and responsibilities with the highest regard for human health and safety.

You are responsible for compliance with all local, state, or federal laws and regulations governing occupational safety and health.

Akorn will establish the security measures, accident prevention and health programs that are deemed convenient or that the competent authorities require. You must observe the preventive and hygiene measures required by the competent authorities and those set forth by Akorn for protection and safety.

If you observe a health or safety violation, you must report such violation.

XII. ADMINISTRATION AND ENFORCEMENT

A. Ethics Officer

The Director of Human Resources of Akorn has been appointed the Ethics Officer for the Code, and is responsible for its implementation and administration.

B. Interpretations

The Ethics Officer is responsible for interpreting and applying these guidelines to specific situations in which questions may arise. Any questions relating to how these guidelines should be interpreted or applied should be addressed directly or through your supervisor to the Ethics Officer.

C. Violation of the Guidelines

Failure to adhere to the guidelines contained in this Code, including failure to disclose any conflicts or to seek an exception, will result in discipline, up to and including termination of employment. Violations of these guidelines will also be a factor in determining eligibility for promotion, as well as eligibility for bonuses and benefits.

D. Requests for Exception

Any employee who believes that an exception to any of these guidelines is appropriate should contact his or her immediate supervisor first. If the immediate supervisor agrees that an exception is appropriate, the approval of the Audit Committee shall then be sought by such supervisor.

E. Nonexclusivity

No representation is expressed or implied that these guidelines are all the relevant policies of Akorn nor that they are a comprehensive, full or complete explanation of the laws and regulations which are applicable to Akorn and its employees.

AKORN, INC.

CODE OF ETHICS

RECEIPT AND AGREEMENT OF COMPLIANCE NOTICE

EMPLOYEE'S NAME: _____

I have read and understand the Code of Ethics of Akorn, Inc. and hereby acknowledge receipt thereof. I agree to comply with the requirements of the Code.

Signature

Date