



**FIRST HEALTH GROUP CORP.
CODE OF BUSINESS CONDUCT AND ETHICS**

JULY 1, 2003

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LETTER FROM THE PRESIDENT & CEO

April 30, 2003

Dear First Health Colleague,

First Health Group Corp. (the "Company") is dedicated to conducting its business consistent with the highest standards of business ethics. We have an obligation to our colleagues, shareholders, clients and vendors to be honest and fair in all of our business activities.

As a colleague of the Company, every day you face a number of business decisions. It is your personal responsibility to uphold the Company's high standards of business ethics in each and every one of these situations. It is not possible for our Code of Business Conduct and Ethics (the "Code") to address every situation that you may face. If you use your good business judgment and experience, the majority of your business decisions are not likely to raise ethical issues. When you are faced with an ethical issue, we hope that this Code will serve as a guide to help you make the right choice.

We encourage you to take this opportunity to review our policies and to discuss any questions you may have with your supervisor or with the Vice President, Human Resources directly. The guidelines set out in this Code are to be followed at all levels of this organization by our Board Members, Officers and Colleagues. We rely on you to uphold our core values and conduct our business with honesty, fairness and integrity.

Sincerely,



Edward L. Wristen
President & CEO

INTRODUCTION

Purpose

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics, and is intended to qualify as a “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. This Code should be considered a minimum standard. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code applies to all of our board members, officers and colleagues, wherever they are located and whether they work for the Company on a full or part-time basis. We refer to all persons covered by this Code as “Company colleagues” or simply “colleagues.” We also refer to our Chief Financial Officer and our Controller as our “Principal Financial Officers.”

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you are faced with a difficult business decision that is not addressed in this Code, ask yourself the following questions:

- Is it legal?
- Is it honest and fair?
- Is it in the best interests of the Company?
- Would I feel comfortable if an account of my actions was published with my name in the newspaper?

If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company’s high ethical standards, it is important that you seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Vice President, Human Resources. The Company has also established an Ethics Helpline, available 24 hours a day, 7 days a week at 1-877-248-1350. You can choose to remain anonymous and will not be required to reveal your identity in calls to the Ethics Helpline unless you feel comfortable doing so.

Reporting Violations of the Code

The Company has established a process designed to deter wrongdoing and promote accountability for adherence to the code. All colleagues have a duty to report any known or suspected violation of this Code, including any violation of laws, rules, regulations or policies that apply to the Company. The Company does not believe that it is an act of disloyalty to report a known or suspected violation of this Code by others, but rather an action to safeguard the reputation and integrity of the Company and its colleagues.

If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Vice President, Human Resources, who will work with you and your supervisor to investigate your concern. If you do not feel comfortable reporting the conduct to your supervisor or you do not get a satisfactory response, you may contact the Vice President, Human Resources directly. The Vice President, Human Resources will work with you to investigate your concern. You may also report known or suspected violations of the Code on the Ethics Helpline, available 24 hours a day, 7 days a week at 1-877-248-1350. As is the case when you are seeking help or information about an ethical issue, when reporting a violation or suspected violation of this Code you can choose to remain anonymous and will not be required to reveal your identity in calls to the Ethics Helpline unless you feel comfortable doing so.

It is the Company's policy that any colleague who violates this Code will be subject to appropriate discipline, including potential termination of employment, determined by the Vice President, Human Resources and the Audit Committee of the Company's Board of Directors after completing a fair process to determine whether there has been a violation of the Code based upon the facts and circumstances of each particular situation. Any colleague who fails to report known or suspected violations by another colleague may also be subject to appropriate discipline. Furthermore, colleagues who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties in such situations, as well as damage to the Company's reputation and standing in the community. In short, your conduct as a colleague of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

Confidentiality and Policy Against Retaliation

All questions and reports of known or suspected violations of the law or this Code will be treated with sensitivity and discretion. Your supervisor, the Vice President, Human Resources and the Company will protect your confidentiality to the extent possible consistent with the law and the Company's need to investigate your concern. The Company strictly prohibits retaliation against a colleague who, in good faith, seeks help or reports known or suspected violations. Any person retaliating against a colleague because the colleague, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of the retaliator's employment.

Waivers of the Code

Waivers of this Code will only be granted on a case-by-case basis in extraordinary circumstances. Waivers of this Code for colleagues may be made only by an executive officer of the Company at the request and with the concurrence of the Vice President, Human Resources. Any waiver of this Code for our Board Members, Chief Executive Officer or Principal Financial Officers may be made only by the Audit Committee of our Board of Directors and will be promptly disclosed to the public.

CONFLICTS OF INTEREST

Conflicts of interests arise when a person's objectivity or business judgment is compromised (or has the potential to be compromised) by the person's own self-interests or by their relationships with other parties. The actions of each colleague must be free from conflicts of interest. Further, even the appearance of a conflict of interest must be avoided. As a publicly traded company it is vital that the public view all of the Company's activities as having been developed and carried out solely in the best interests of the corporation and its shareholders. For these reasons, any existing or potential conflicts of interest must be disclosed, regardless of whether the resulting or potential business arrangement is with an otherwise qualified party, provided or offered at fair market value, or is economically beneficial to the Company. "Family" as used in this section means your spouse, your siblings, your parents, your grandparents, your aunts and uncles, your cousins, and your children and grandchildren as well as your spouse's siblings, your spouse's parents, your spouse's aunts and uncles and your spouse's cousins, and includes step and adoptive relationships

1. Loans or other Financial Transactions. No colleague or member of his or her family may seek or accept from, or offer or provide to, directly or indirectly, any individual, public or private organization, governmental entity, or any representative of the foregoing, which is seeking or doing business with the Company any services, payments, loans, excessive entertainment, or any other consideration of more than nominal value or any gifts of money in any amount.
2. Payment for Participation. On occasion, colleagues are asked to participate in advisory panels, research studies, etc. facilitated by organizations that are seeking or doing business with the Company and are offered honorariums, stipends or other consideration for their participation. The Company supports these endeavors; however, in these situations, colleagues must have all honorariums, stipends or other consideration, except for reimbursement of reasonable travel expenses, made payable to the Company and must not participate as a key member in any negotiations, contract awards, etc. with the organizations facilitating such advisory panels, research studies, etc. However, colleagues are allowed to participate in activities with organizations remotely related to the Company on their own time.
3. Financial Interests. If a colleague or a member of his or her family has any substantial interest, direct or indirect, in any organization which is seeking or doing business with the Company or which is a competitor of the Company, that interest must be disclosed.
4. Service on Boards or Committees. Except as provided below, no colleague may serve as an officer, board member, general partner, employee or consultant of another company or organization which is a competitor of the Company or which is seeking or doing business with the Company, except with the knowledge and written consent of the Vice President, Human Resources or the Audit Committee of the Board of Directors. Instances in which it is known that a member of a colleague's family serves as an officer, board member, employee or consultant of another company or organization which is a competitor of the Company or which is seeking or doing business with the Company

should be reported to the Vice President, Human Resources for recommendation as to applicability of the Company's policy.

Service on the Board of a hospital that may participate in the medical networks operated by the Company is excluded from this policy, since the networks include tens of thousands of medical providers and the Boards of such providers do not participate in the network negotiations. Also excluded is service on the Board or on committees of industry organizations which may be made up of competitors or companies doing business or seeking to do business with the Company, since such organizations are legally protected as legitimate entities designed to address issues facing the industry as a whole.

5. Confidentiality. No colleague or a member of his or her immediate family may without proper authorization use or reveal any confidential information received in capacity of performing his or her duties to the Company for personal purposes. The purchase or sale of securities, or of market options on securities, in reliance on inside, non-public Company information is prohibited. See also our Policy on Disclosure of Material Information and Insider Trading.

6. Attempts to Influence, Bribes. Bribes, kickbacks or any other illegal payments or promises of such payments to any individual, official or organization are strictly prohibited.

Disclosure of Conflicts of Interest

The Company requires that colleagues fully disclose any situations that reasonably could be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it immediately to your supervisor or the Vice President, Human Resources. While such situations are not automatically prohibited, they are not desirable and may only be waived by an executive officer of the Company at the request and with the concurrence of the Vice President, Human Resources. Conflicts of interest of our Board Members, Chief Executive Officer and Principal Financial Officers may only be waived by the Audit Committee of our Board of Directors and will be promptly disclosed to the public.

CORPORATE OPPORTUNITIES

As a colleague of the Company, you have an obligation to put the interests of the Company ahead of your personal interests and to advance the Company's interests when the opportunity to do so arises. If you discover a business opportunity that is in the Company's line of business, you must first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. No colleague may use corporate property, information or his or her position for personal gain, and no colleague may compete with the Company either directly or indirectly.

The Company requires that you fully disclose to your supervisor the terms and conditions of each business opportunity in the Company's line of business that you wish to pursue. Your supervisor will contact the Vice President, Human Resources and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. If the Company waives its right to pursue the business opportunity, and if you are authorized by an executive officer of the Company with the concurrence of the Vice President, Human Resources, you may pursue the business opportunity on the same terms and conditions offered to the Company and consistent with the other ethical guidelines set forth in this Code. However, if you are authorized to proceed, in pursuing and performing the opportunity you will make clear that you are acting in your own capacity and in no event will you state or imply that you are acting on behalf of the Company. Business opportunities available to Board Members, the Chief Executive Officer and Principal Financial Officers may only be waived by the Audit Committee of our Board of Directors and will be promptly disclosed to the public.

COMPETITION AND FAIR DEALING

The Company competes vigorously but fairly. All colleagues are obligated to deal fairly with the Company's customers, vendors and competitors. Because the Company has many public sector/government customers, this policy of course extends to our dealings with public officials as well (including the employees, agents and consultants of federal or state governmental organizations). Colleagues will not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair-dealing practice.

Relationships with Customers

Our business success depends upon our ability to foster lasting customer relationships. Trust is the cornerstone of these relationships. To build trust, the Company is committed to dealing with customers fairly, honestly and with integrity. Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be current, accurate, and complete to the best of our knowledge. Colleagues should never deliberately misrepresent information to customers.
- Customer and prospective customer entertainment is valuable in promoting effective working relationships, but should never exceed reasonable and customary business practice.

Relationships with Vendors

The Company deals fairly and honestly with its vendors. This means that our relationships with vendors are based on price, quality, service and reputation. Colleagues dealing with vendors must carefully guard their objectivity, and should not accept or solicit any items or entertainment of such high value that the Colleague's objective assessment of the

vendor's products and prices could be compromised. Colleagues can, however, accept promotional items of nominal value or moderately priced entertainment within the limits of responsible and customary business practice.

Relationships with Competitors

The Company is committed to free and open competition in the marketplace and throughout all business dealings. Colleagues must avoid all actions that reasonably could be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace, including federal and state antitrust laws. This includes misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

Relationships with Government Officials

Colleagues that do business with federal, state or local government agencies must conduct themselves in a way that avoids any dealings which might be perceived as improper or unlawful attempts to influence public officials. No funds or assets of the Company may be directly or indirectly paid to any official, candidate or party with the intention or expectation of receiving favorable government treatment in return. Colleagues can give or accept promotional items of nominal value or moderately priced entertainment within the limits of applicable regulations and responsible and customary business practice, if no obligation accrues on either side.

Because the First Health Political Action Committee (PAC) is lawfully authorized to give consideration to public officials, political parties, candidates for public office, etc. in support of health care legislation, it does not raise the types of concerns addressed by this policy and does not conflict with this policy. In addition, this policy in no way prohibits voluntary contributions to the First Health PAC from Company colleagues.

PROTECTION AND USE OF COMPANY ASSETS

All colleagues should protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability. The use of the funds or assets of the Company, whether for personal gain or not, for any unlawful or improper purpose is strictly prohibited.

To ensure the protection and proper use of the Company's assets, each colleague should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property.
- Promptly report the actual or suspected theft, damage or misuse of Company property to a supervisor.

- Use the Company's voicemail, other electronic communication services or written materials for business-related purposes only and in a manner that does not reflect negatively on the Company or its customers.
- Safeguard all electronic programs, data, communications and written materials from inadvertent access by others.

COMPANY RECORDS

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public. In addition, our records are the source of essential data that guides business decision-making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. There is never a reason to make false or misleading entries. In addition, undisclosed or unrecorded funds, payments or receipts are strictly prohibited. You are responsible for understanding and complying with our record keeping policy. Ask your supervisor if you have any questions.

The Company has a formal document retention policy that each colleague must follow with respect to Company records within such colleague's control. Please contact your supervisor or the Legal Department to obtain a copy of this policy.

ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

We are a public company and are required to report our financial results and a great deal of financial and other information about our business to the public and the Securities and Exchange Commission. We are also subject to various securities laws and regulations. It is our policy to promptly disclose accurate and complete information regarding the Company's business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting can severely damage the Company and cause legal liability, and will not be tolerated.

Colleagues should be on guard for, and promptly report, evidence of improper financial reporting. Examples of suspicious activities that should be reported include:

- Financial results that seem inconsistent with the performance of underlying business transactions;
- Inaccurate Company records, such as overstated expense reports, or erroneous time sheets or invoices;
- Transactions that do not seem to have a good business purpose; and

- Requests to circumvent ordinary review and approval procedures.

The Company's Principal Financial Officers and other colleagues working in the Accounting Department have a special responsibility to ensure that all of our financial disclosures are full, fair, accurate, timely and understandable. Such colleagues must understand and strictly comply with generally accepted accounting principles as adopted by the Company and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

COMPLIANCE WITH LAWS AND REGULATIONS

Each colleague has an obligation to comply with the laws of the cities, states and countries in which the Company operates. We will not tolerate any activity that violates any laws, rules or regulations applicable to the Company. This includes, without limitation, laws covering commercial bribery and kickbacks, intellectual property, information privacy, insider trading, illegal political contributions, antitrust prohibitions, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. You are expected to understand and comply with all laws, rules and regulations that apply to your position. If any doubt exists about whether a course of action is lawful, you should seek advice immediately from your supervisor and the Vice President, Human Resources.

CONCLUSION

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Vice President, Human Resources or the Ethics Helpline at 1-877-248-1350. We expect all Company colleagues, regardless of their level or location, to adhere to these standards. Each colleague is separately responsible for his or her actions. Conduct that violates the law or this Code cannot be justified by claiming that it was ordered by a supervisor or someone in higher management. If you engage in conduct prohibited by the law or this Code, you will be deemed to have acted outside the scope of your employment. Such conduct will subject you to disciplinary action, including possibly termination of employment.

This Code is not a contract of employment or a guarantee of continuing Company policy. The Company reserves the right to amend, supplement or discontinue this Code at any time, subject to any applicable disclosure laws or regulations.