

Sepracor Inc. Code of Conduct and Ethics

Table of Contents

Message from the Chairman and CEO of Sepracor Inc.	Page
• Our Mission	2
• Purpose of the Code	2
Compliance with Laws, Regulations, and Standards	3-8
Federal Food, Drug, and Cosmetic Act	3
Prescription Drug Marketing Act of 1987.....	3
Government Health Care Programs – Fraud and Abuse Laws	
The Anti-Kickback Statute	
The False Claims Act	
Anti-Bribery/ Anti-Corruption Laws.....	4-5
Government Price Reporting Laws.....	5
Antitrust and Fair Trade.....	5-6
Accurate Books and Records and Company Reporting Laws	6-7
Insider Trading	7
PhRMA Code.....	8
Professional and Personal Integrity	8-11
Conflicts of Interests.....	8-9
Business Gifts and Entertainment.....	9
Litigation/Subpoenas.....	10
External Communications.....	10
Control and Use of Company Assets.....	10-11
Confidential Information.....	12
Personal Information.....	13
Open Door and Fair Investigations.....	13
Respect For Our People and Our Customers	13
Health and Safety.....	13
Drugs and Alcohol.....	14
Diversity.....	14
Conduct in the Workplace.....	14
Building Security.....	14
Good Citizenship	15
The Environment.....	15
The Political Process.....	15
Charitable Contributions and Civic Involvement.....	15
Compliance with the Code	16-17
Reports of Non-Compliance and Non-retaliation.....	16

Message from the Chairman and CEO of Sepracor Inc.

Our Mission:

Sepracor is dedicated to discovering, developing and commercializing innovative pharmaceutical products and services that improve health and quality of life. We understand our responsibility to ensure that decisions are guided first and foremost by what is in the best interests of patients. We are committed to the welfare of the patients we serve, the growth and empowerment of our employees and the success of our company.

Introduction - Purpose of the Code

The Sepracor Code of Conduct and Ethics (the “Code”) is our guide to understanding how our mission statement is an integral part of our everyday activities as employees of the company and members of the communities where we conduct our business. Our Code builds upon our cherished Sepracor values by establishing general compliance, legal and ethical standards that apply not only to our relationships with customers and patients, but to each other as well. This Code applies to all of us – from the Board of Directors and the Company’s officers to every employee, whether in Marlborough, outside the U.S., or in the field.

As an employee of Sepracor, you are expected to uphold our Company’s reputation at all times, in matters both large and small. By adhering to legal standards, acting in an ethical manner and making business decisions that are consistent with our policies, procedures and values, you can make a positive difference in helping Sepracor achieve our shared goal of *Improving Health Through Innovation*. This Code is designed to assist you in this regard by providing general guidance when faced with legal and ethical questions.

However, the Code is by no means exhaustive and does not provide a comprehensive or complete explanation of all Federal, state and local laws, rules and regulations to which the company is subject, and business policies we encounter in the course of our everyday activities. If you have any questions about interpreting or applying the Code or our policies and procedures, you should discuss the matter with your supervisor or a member of the Compliance, Legal Affairs or Human Resources Departments.

Following the letter and spirit of the Code is critical to our future success.

Thank you for your continued support and commitment to upholding the highest ethical standards in all you do as an employee of Sepracor and a member of the communities where we conduct our business.

Sincerely,

Saburo Hamanaka
Chairman and Chief Executive Officer

Compliance with Laws, Regulations, and Standards

Sepracor Inc. and its subsidiaries (“Sepracor” or the “Company”) will conduct all their activities in accordance with the laws of the states and countries in which they operate. All employees are required to comply with federal, state, local, and foreign laws and regulations in the places or applicable to where they conduct business. In addition, all employees are expected to follow this Code of Conduct and Ethics (the “Code”) in all respects, except where different requirements are mandated by local laws. Although by no means exhaustive of all the rules and standards governing our industry and our business, an overview of some of the key laws is provided below.

The Federal Food, Drug, and Cosmetic Act (“FDCA”)

The FDCA established the Food and Drug Administration (“FDA”) in 1938. The FDCA and its implementing regulations set forth the essential regulatory structure for the marketing and promotion of prescription drugs in the United States. The primary purpose of the FDCA is to ensure the safety and efficacy of drugs before they become available to the public and to regulate prescription drug marketing and promotion. The FDCA and FDA regulations require that drug manufacturers provide information about their products that is (a) truthful and accurate, (b) fairly balanced, in both content and form, and (c) consistent with FDA-approved full prescribing information. If a drug manufacturer disseminates labeling or promotional material that the FDA determines to be “false or misleading”, the drug is deemed “misbranded”. The FDCA prohibits the manufacture and distribution of misbranded drugs.

It is Company policy to keep the FDA and the medical community fully informed of the approved uses, safety, contraindications and side effects of its products, including the timely reporting of adverse event experiences. Sepracor and its employees, officers and directors will practice a policy of disclosure and transparency to the FDA and the health care community at all times.

The Prescription Drug Marketing Act of 1987 (“PDMA”)

The PDMA requires controls and tracking for prescription drug samples in the United States. The PDMA was designed to improve the distribution and dispensing of prescription drug samples by providing a “closed” system for legitimate handlers of these drugs. Such a closed system is intended to prevent the diversion of these samples out of legitimate channels. Under the PDMA, it is a violation to:

- Sell, barter, or trade prescription drug samples;
- Deliver prescription drug samples to anyone who is not licensed to prescribe prescription drugs;
- Deliver prescription drug samples to a retail pharmacy; and
- Deliver prescription drug samples without a written request from the practitioner.

Government Health Care Programs – Fraud and Abuse Laws

