



**STANDARDS
of
Business Conduct
and Ethics**

CUMBERLAND®
PHARMACEUTICALS



Overview

Introduction

At Cumberland Pharmaceuticals Inc. (“Cumberland” or “the Company”) we embrace a culture of compliance and as an organization, we are committed to working to the highest ethical standards. We operate in a highly regulated field and expect everyone associated with our organization to adhere to all of the applicable laws and regulations.

Cumberland’s *Standards of Business Conduct and Ethics* or “Standards” are a fundamental expression of the organization’s commitment to a culture of integrity, ethics and compliance with the law. The Company values its reputation for integrity, and accordingly, all aspects of our business activity shall be conducted honestly and ethically. Cumberland intends that its business practices are compatible with the highest legal, economic and social priorities of the United States, as well as any other country where it does business.

Cumberland’s Associates (which include Board members and Employees) will not be permitted to achieve results at the cost of violation of laws or regulations nor through unscrupulous or unethical business dealings. This culture of compliance is evident in the commitments of our Board of Directors and Executive Management.

Cumberland requires that its Associates maintain the highest ethical standards while engaging in any business activity inside or outside of the Company that might affect its reputation, legal or financial status. It is essential, therefore, that all covered Associates understand and faithfully adhere to these Standards.

These Standards of Business Conduct & Ethics include:

1. Code of Conduct
2. Compliance with Laws and Regulations
3. Business Practices
4. Conflicts of Interest
5. Reporting Procedures
6. Acknowledgement

Communication, Training & Accountability

Cumberland intends to provide regular and effective compliance documentation, education and training. To assure that all Associates have access to and are informed of the Standards, the Company’s Human Resources (“HR”) Department will maintain these documents for annual distribution.

Individuals who receive the Standards for the first time will have an opportunity to read and then discuss them with the appropriate HR representative. Each individual will then be asked to sign a *Letter of Agreement* committing to comply with the Standards as a condition of their appointment or employment. All signed letters will also be retained by the HR Department.



1. Code of Conduct

Professional Behavior

To maintain a productive and successful business, it is necessary to have a work environment that is conducive to and promotes professional behavior. To that end, it is necessary that all Cumberland Associates should behave in a civil, reasonable and safe manner with respect to each other at all times.

Sexual Harassment

Cumberland believes that everyone has the right to work in an environment free from any kind of discrimination and free from conduct which may be considered harassing, which includes sexual harassment. Sexual harassment is a form of unlawful discrimination that undermines the integrity of the employment relationship and it is against Company policy. Actions that constitute inappropriate conduct in violation of this policy include unwelcomed physical or verbal sexual conduct used to control, affect, or influence an Employee's position, compensation or performance effectiveness. Such actions by any Cumberland Associate are strictly prohibited.

Workplace Harassment

Cumberland is also committed to providing a work environment that provides Associates equality, respect and dignity. Cumberland expressly prohibits any form of unlawful discrimination or harassment that is based on race, color, religion, sex, national origin, age, genetic information, citizenship, disability, status as a covered veteran, or any other characteristic protected by applicable federal, state and local laws.

Inappropriate conduct in violation of this policy includes bullying. Bullying is repeated inappropriate behavior, either direct or indirect, whether verbal, physical or otherwise, conducted by one or more persons against another or others, at the place of work and/or in the course of employment.





Non-Fraternization

All Associates should be aware of the possibility that an apparent consensual relationship with another Associate may be interpreted as nonconsensual, either currently or at a later date. Therefore, the Company has a non-fraternizing policy regarding all Associates. It is a violation of this policy for a supervisor to undertake an amorous relationship or permit one to develop with a subordinate who is subject to that person's supervision or evaluation, even when both parties appear to have consented to the relationship. Amorous relationships between other employees outside the instructional and supervisory context are also strongly discouraged.

Drug-Free Workplace

The Company is committed to providing a substance abuse-free workplace for its Associates. Substance abuse of any kind is inconsistent with the behavior expected of our Associates and visitors to our facilities. It presents unacceptable safety risks and undermines our ability to operate effectively and efficiently. Cumberland recognizes alcohol and drug abuse as potential health, safety and security problems. All Associates are prohibited from engaging in the unlawful manufacture, possession, use, distribution or purchase of both illicit and prescription drugs, alcohol or other intoxicants on the Company premises or at any time and place during working hours.





2. Compliance with Laws and Regulations

Laws and Regulations

Cumberland requires compliance with applicable laws and regulations wherever it conducts its business worldwide. The Company's values and compliance objectives are in line with the broad goals of reducing fraud and abuse in healthcare programs both in the U.S. and abroad, eliminating the improper influence of financial incentives on medical judgment, reducing the overall cost of healthcare, and protecting patients while providing quality healthcare products.

The Company has established a Compliance Program to ensure that requirements continue to be monitored and met for regulations issued by all relevant authorities, including the following:

Federal government agencies:

- *Food and Drug Administration (FDA)*
- *Office of Inspector General (OIG)*
- *Centers for Medicare & Medicaid Services (CMS)*
- *Department of Veterans Affairs (VA)*
- *Department of Justice (DOJ)*
- *Department of Labor (DOL)*
- *Securities and Exchange Commission (SEC)*
- *Internal Revenue Service (IRS)*

Specific relevant acts and laws include:

- *Prescription Drug Marketing Act (PDMA)*
- *Federal Privacy Laws – Health Insurance Portability and Accountability Act (HIPAA)*
- *Medicaid “Best Price” Law*
- *Federal False Claims Act*
- *Anti-Kickback Statute and Fraud & Abuse Laws*
- *Physician Payments Sunshine Act*
- *Sarbanes-Oxley Act (SOX)*
- *Foreign Corrupt Practices Act (FCPA)*
- *Frank-Dodd Act*

Other:

- *State & Local Board of Pharmacy Regulators (BOP)*
- *Pharmaceutical Research & Manufacturers of America (PHARMA)*
- *NASDAQ Stock Exchange Market*

Associates' Responsibilities

All Cumberland Associates are expected to comply with the Company's Standards and follow the applicable laws and regulations wherever the Company conducts business. Cumberland also expects its independent dealers, distributors, contractors, and agents to work in a consistent manner with the Standards. The Associates responsible for any such relationship must ensure that the terms of the relationship are defined in a written agreement provided to and approved by the Company's legal department, which will include a requirement to comply with all relevant local laws in its dealings with or on behalf of Cumberland.



3. Business Practices

Bribery

Cumberland prohibits bribery in the conduct of its business. Specific laws both in and outside of the United States prohibit bribery of any person to influence the purchase of health care products or services. Cumberland expects all Associates to comply at all times with regulations, and laws that address this subject such as, but not limited to PDMA, OIG and FCPA (see prior page for agency descriptions).

No bribes, kickbacks or payments shall be made to or for the benefit of government employees, customers, physicians/health care providers or other persons in the United States or abroad for the purpose of influencing, obtaining or retaining business. This policy extends not only to direct payment, but also forbids indirect payments made through third parties.

Gifting

The use of Company funds or assets for gifts, gratuities or other favors to customers must be in compliance with applicable regulations and laws, nominal in value, and not given in consideration or expectation of any action by the recipient. The use of Company funds or assets for gifts, gratuities or other favors to government officials is prohibited.

Antitrust, Competition and Pricing

Antitrust and competition laws exist to ensure fairness in business practices both inside and outside of the United States. Cumberland's policy is to compete fairly and comply with all laws designed to regulate aspects of business, including competition and pricing. In order to avoid creating even the appearance of improper agreements, the Company prohibits discussions with competitors or others regarding establishing pricing levels or 'fixing', unfairly restricting trade or manipulating pricing of the Company's products.

Business Intelligence and Marketing Integrity

Cumberland Associates should never use unethical means such as misrepresentation, deception or spying to gather competitive intelligence about other organizations. Associates should accept business information about other organizations only when it is believed that the receipt and use are ethical, legal and do not violate any confidentiality obligations or agreements. The Company also prohibits false or misleading advertising, as well as any other form of misrepresentation made in connection with the sale or use of its products.

Privacy

Cumberland is committed to maintaining the confidentiality of all medical information and personal data entrusted to the Company. Associates must comply with HIPAA laws and carefully guard the confidentiality of all medical information and personal data in Cumberland's possession.



Recordkeeping

Accurate, complete Company records and accounts must be maintained to ensure legal and ethical business practices. Cumberland's books, records and accounts (whether computerized, paper, or other) must fully and accurately reflect the Company's business transactions. These include, but are not limited to time sheets, vouchers, bills, invoices, expense reports, payroll, benefits, performance evaluations, and other essential company data. Cumberland has records retention and disposal procedures and all Employees are expected to follow them.

Proper Accounting

Cumberland Employees must honestly and accurately report all business transactions. All Company books, records and accounts shall be maintained in accordance with all applicable regulations, laws, and standards to accurately reflect the true nature of the transactions they record. The financial statements of Cumberland shall conform to generally accepted accounting principles and the Company's accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without required approvals and adequate supporting documentation.

Dealings with Independent Auditors

No Cumberland Associate shall knowingly make any materially false or misleading statement to an accountant in connection with any audit, review or examination of Cumberland's financial statements or for the preparation or filing of any document or report with the Securities and Exchange Commission (SEC). No Employee shall knowingly, directly or indirectly, take any action to mislead, or fraudulently influence any accountant engaged in the performance of an audit or review of the Company's financial statements.

Patents, Trademarks, Logos, Copyrights and Intellectual Property

Protection of Cumberland's intellectual property, including its patents, trade secrets, copyrights, trademarks, logos, scientific and technical knowledge, know-how, and experience developed in the course of the Company's activities, is essential to maintaining a competitive advantage. Cumberland Associates are expected to protect, maintain, and defend the Company's rights to all commercially significant intellectual property and use those rights in the correct and responsible manner. In addition, Associates must respect the valid intellectual property rights of others. Unauthorized use of the intellectual property rights of others may expose the Company, and Associate(s) implicated in the violation, to civil lawsuits and damages, and is therefore prohibited.

Environmental Protection

Cumberland is committed to doing business in an environmentally responsible manner. Additionally, the Company is committed to improving its own environmental performance and maintaining a safe work environment. Associates, as well as organizations that contract their services to Cumberland, are responsible for making sure that business is conducted in compliance with all applicable laws and in a manner that is protective of the environment.



Quality

The Company is committed to producing the highest quality pharmaceutical products to meet or exceed the expectations of our customers. All products shall be prepared according to Good Manufacturing Practices (GMPs) in facilities with the appropriate accreditation.

Clinical and Regulatory Affairs

Clinical and regulatory activities of the Company shall comply with applicable laws, as well as the relevant FDA regulations including Good Clinical Practices (GCP), and Good Laboratory Practices (GLP). The Company fully informs its customers of the potential side effects of its products through access to prescribing and safety information which includes the availability of package inserts for educational and promotional materials.

Government, Analyst and Media Inquiries

The Company must be made aware of any inquiries from the government, the financial analyst community, or the news media so that it can respond in an appropriate and timely manner. If a representative of a governmental agency contacts an Associate to seek an interview or make a request for information, the Associate should immediately contact their supervisor. All inquiries from news media or from the financial community should be referred to the corporate relations individual in the Executive Department.

Intellectual Property and Confidential Information

The Company expects its operations, activities, business affairs, and those of its clients, to be kept confidential to the greatest possible extent. If Associates acquire confidential or proprietary information and trade secrets about Cumberland, its products, or its clients, such information is to be handled in strict confidence and is not to be discussed with persons outside of the Company. Associates are also responsible for the internal security of such information. Associates will be asked to sign a statement of confidentiality at the time of appointment and may, periodically throughout their tenure, be asked to acknowledge their awareness of, and reaffirm their commitment to, this policy.

Associates found to be violating these policies are subject to disciplinary action, up to and including termination, and may also be subject to civil and/or criminal penalties for violations of applicable securities laws. Upon departure from Cumberland, any such confidential or proprietary information and trade secrets, including data, plans, files or procedures will be promptly returned to the Company by the Associate.

Computers and the Internet

Employees are expected to use approved mechanisms, tools and procedures for any activity or communication that goes through a computer belonging to the Company, as well as the Company network. Likewise, while it is acceptable to use Cumberland's computers and internet for incidental personal matters, Employees are not guaranteed personal privacy. This applies to information stored on computer hard drives, transmitted over the Company's internet and intranet communication systems, or sent to, from, or stored on the Cumberland communications network server. Because all documents, including electronic communications, are the Company's property, they are subject to review at any time with or without advance notice.



4. Conflicts of Interest

Insider Trading

Associates are prohibited from engaging in securities transactions directly or indirectly involving Cumberland or companies doing business with Cumberland on the basis of material information not available to the general public and which, if known to outsiders, might affect their investment decisions. The dissemination of inside information to others who might make use of that knowledge to trade in securities is also prohibited.

Trading in any Cumberland securities by an Associate or family member should comply with the Company's Trading Policy. Such trading needs to occur during one of the four annual *Trading Windows* and with the approval of the Company. Requests for any such trading by an Employee should be provided to an HR representative prior to the Trading Window, which follows the quarterly earnings reports and updates provided to the financial community. Requests for any such trades by a Board member should be made directly to the Chief Executive Officer. No trades should be made if the individual is in possession of material information that has not been disclosed to the public.

Financial Interest in Other Businesses

Cumberland respects the rights of its Associates to manage their personal investments. However, Associates should avoid potential conflicts of interest between their personal financial interests and the business interests of the Company. Examples of such conflicts of interest may include, but are not limited to, having substantial undisclosed financial investments in suppliers, or competitors of the Company; having personal financial interest in a transaction in which the Company is interested in participating; or accepting undisclosed payments or compensation from a supplier or competitor of the Company.

This policy would not apply to an investment in securities in a publicly held corporation constituting less than 1% of the outstanding shares of such corporation. This policy would apply if the investor's judgment in transactions involving Cumberland might be affected by the size of the investment in relation to the Associates' assets, the amount of business done with the Company and other factors. The existence of a personal financial interest that an Associate believes may be covered by this policy must be immediately brought to the attention of an HR representative or the Chief Executive Officer of the Company.

Outside Employment

Cumberland encourages Employees to further their professional development and to promote the image of the Company by participating in such activities as teaching, lecturing and speaking engagements. It is expected that any outside activities will be conducted so they do not detract from an individual's ability to perform their assigned responsibilities at Cumberland. If an Employee chooses to engage in any work outside of the Company, prior approval must be obtained in writing from the Company's CEO.



Acceptance of Gifts

Generally, Cumberland Associates may not accept compensation, honoraria or money of any amount from entities with whom the Company does or may do business. Associates and members of their immediate families, should not accept personal gifts, gratuities or other favors, greater than a nominal value, from any customer, supplier, competitor or other person doing or seeking to do business with Cumberland. Gifts that are received which are greater than nominal value should only be accepted if approval is obtained from an HR representative or the Chief Executive Officer of the Company. If immediate return is not practical, the gift should be given to Cumberland for charitable or other disposition as the Company believes appropriate.

Developing relationships are an important part of running the business, but caution must be used to avoid any appearance of impropriety. Cumberland's Associates are expected to use good judgment with respect to accepting vendor invitations to dinners or special events. Occasional meals, refreshments, entertainment and similar business courtesies that are shared with a person who has offered to pay are permissible as long as these business courtesies are not frequent or inappropriately lavish or excessive.

If an Employee is faced with a questionable gift, situation or invitation, they should consult their supervisor or HR representative.

5. Reporting Procedures

Cumberland has established a reporting system that permits any Associate to openly, confidentially, or anonymously report any suspected violation of the law or these Standards. The EthicsPoint Compliance Hotline may be found at www.ethicspoint.com or called at 1-800- 963-5931.

When using the Compliance Hotline, one may choose to remain anonymous. No retaliatory action will be taken against any individual who reports conduct which he or she honestly believes may violate the law. To intentionally make a false report would never be appropriate, and would be inconsistent with the Standards.





Acknowledgement Receipt

I, _____, do hereby certify
that:

(Please Print Full Name Above)

1. I have received and reviewed the *Standards of Business Conduct and Ethics* (the "Standards") of Cumberland Pharmaceuticals Inc. and have had the opportunity to ask any questions about the Standards.
2. I understand the Standards.
3. I agree to comply with the terms of the Standards.

Date: _____

Signature: _____

Please sign and date one copy of this acknowledgement and return it to Human Resources.

Retain a second copy for your reference.

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