

BIOSCRIP, INC. (“BIOSCRIP”)

SUMMARY STATEMENT OF CORPORATE POLICY

Reporting and Investigating Suspected Violations

I. Reporting Procedures

The procedures set forth in the Statement of Corporate Policy (Reporting and Investigating Suspected Violations of Legal and Ethical Policies) (the “Policy”) contained within BioScrip’s Legal and Ethical Policies Compliance Manual (“Compliance Manual”) are designed (i) to require all Employees¹ to report violations or suspected violations of the Compliance Manual and seek guidance or ask questions regarding whether particular actions constitute violations; and (ii) to ensure that all allegations are appropriately investigated.

A. BioScrip prefers that Employees make reports in writing and disclose their identity. BioScrip will preserve confidentiality to the maximum extent possible, subject to BioScrip’s need to conduct a thorough investigation subject to applicable law. Unless required by law or the circumstances of the investigation, the identity of an Employee who has reported a violation by means of the Compliance Hotline or by contacting the Compliance Officer (as described below), in writing, or otherwise, will not be disclosed to that Employee’s supervisors or coworkers, to senior management, or to anyone outside BioScrip without the Employee’s consent.

B. If an Employee prefers, he or she may use the reporting procedures anonymously. The Employee’s desire for anonymity will be respected and observed. Employees desiring to remain anonymous need to understand that BioScrip’s ability to fully investigate the allegations may be hindered by its inability to contact an anonymous reporter for clarification or follow-up information.

C. In the event continuing confidential communications are required with an Employee who wishes to remain anonymous, such Employee will be assigned a confidential identification code. The code will not be disclosed to anyone outside the reporting system unless required by law.

¹ The term “Employee” is defined in the Compliance Manual as all BioScrip officers, directors, managers, supervisors, employees and independent contractors, consultants, and agents who provide health care items or services.

D. Employees reporting suspected wrongdoing may use one of the procedures set forth in the Policy (the Compliance Hotline, Reporting to the Compliance Officer and Reporting to Supervisor).

E. BioScrip will promptly investigate all reports and take corrective measures if warranted, while ensuring that all Employees are treated fairly and courteously.

F. **BIOSCRIP POLICY STRICTLY FORBIDS RETALIATION OR THREATS OF ANY KIND AGAINST ANYONE WHO, IN GOOD FAITH, REPORTS OR EXPRESSES AN INTENTION TO REPORT SUSPECTED WRONGDOING. SUCH RETALIATION OR THREATS WILL RESULT IN DISCIPLINARY ACTION, INCLUDING, AS APPROPRIATE, TERMINATION.**

G. Any Employee involved in any capacity in an investigation of a possible violation of the Compliance Manual must not discuss or disclose any related information to anyone outside of the investigative process, unless requested by a law enforcement official, when required by law, or when seeking personal legal counsel. In order to avoid inappropriate disclosure of either BioScrip's or the Employee's involvement in an investigation, no external communication other than as specified above concerning any case may occur without the prior written approval of the Compliance Officer or Chief Executive Officer.

H. Employees shall notify the Compliance Officer promptly of any contact from a non-BioScrip source concerning a matter under investigation or an allegation of misconduct by BioScrip or any Employee. BioScrip's policy regarding contact with the press and government agencies is found at Chapter 23 of the Compliance Manual.

II. Investigations Of Possible Violations

A. Receipt of Report

Upon the receipt of any report of a suspected violation from an Employee or Supervisor, the Compliance Officer must prepare a file-opening memorandum in accordance with the Policy.

The Compliance Officer must maintain a permanent, confidential file of each reported matter, including the file opening memorandum, as well as a record of the disposition of each reported matter.

B. Initial Screening

Within two (2) business days of receipt of a report of a suspected violation, the Compliance Officer must assemble appropriate management personnel with responsibility for the functions or

operations related to the reported violation to review the particular matter in question (the "Review Team"). Either the Compliance Officer or another member of the Review Team will be designated in writing by the Review Team as the person responsible for conducting further proceedings (the "Response Official"). The Review Team will proceed in the manner set forth in the Policy.

The Response Official must take all appropriate steps to assure that documents relating to the allegations are not destroyed, tampered with or altered.

If it is determined that the matter is not primarily an issue concerning legal or ethical compliance, then the matter will be referred to the appropriate department of BioScrip for resolution (for example, a matter regarding salary payment policies should be referred directly to the Payroll Administrator). If it is determined that an Employee has made a report under the Policy, not in good faith, the reporting Employee may be subject to appropriate disciplinary action by BioScrip, including termination of employment, in accordance with the Employee Handbook.

It is normally expected that the initial screening will be completed within ten (10) business days of receipt of the report.

C. Formal Investigation

If the matter is not resolved after the initial screening and the Compliance Officer and the Review Team determine that there is sufficient cause for a formal investigation, the following steps must be taken.

The Compliance Officer and Review Team will consult BioScrip officers or members of the Board, as appropriate, to determine whether (i) to change the composition of the Review Team or Response Official, (ii) other external resources shall be retained to advise the Response Official and Review Team on whether counsel and/or other external resources should assume responsibility for part or all of the investigation; and/or (iii) whether law enforcement authorities should be contacted.

The Response Official (with the assistance of another person or persons under the supervision of the Response Official) shall be selected by the Review Team to conduct an investigation in the manner set forth in the Policy and to report to the Review Team.

Failure of any Employee to cooperate in an investigation will be grounds for disciplinary action, including termination.

D. Concluding the Investigation

Prior to the close of the investigation, the Response Official may, in appropriate circumstances, inform individual Employees that are the subject of the report and permit them to respond to the allegations. This process is intended to ensure that the Response Official's advice is based on all the relevant facts.

The Response Official will make proposed findings to the Review Team, as set forth in the Policy. BioScrip, acting through officials at appropriate levels of the normal operating and functional management reporting chains, will take such action as it deems appropriate in response to the Review Team's findings. Any difference of opinion must be resolved through the use of the normal operating and functional management reporting chains.

All final actions, including decisions by the Review Team to take no action, shall be documented in a final report signed by the Response Official. A copy of the signed final report must be placed in the permanent investigation file maintained by the Compliance Officer.

No one at BioScrip is to communicate any information about any investigation to anyone within or outside of BioScrip without the prior written approval of the Compliance Officer, an officer, or a member of the Board.

This document is intended to provide an overview of the Policy and is not intended to abate or supersede the policies set forth in Policy.