

INSIDER TRADING

The purchase and sale of NeoPharm's common stock (herein "Securities") is governed by the rules and regulations of the United States Securities and Exchange Commission ("SEC") as well as comparable state agencies. The most common of these regulations deal with what is referred to as "insider trading".

As an officer, director or employee of NeoPharm, you will frequently be in possession of material information relating to or affecting NeoPharm that may not be generally available to the investing public. **It is unlawful for you to purchase or sell or encourage others to purchase or sell NeoPharm Securities while you are in possession of such information.** If you do, you could be subject to criminal penalties and significant triple damages in civil suits brought by the SEC, state agencies and/or other persons trading in NeoPharm common stock at the same time you were buying or selling shares.

"Material" information includes information which (1) might reasonably be expected to affect the market value of securities, or (2) influence investor decisions to buy, sell or hold securities. As a general rule of thumb, if you would be inclined to trade on the basis of the information, you should consider it to be material. You should consider "non-public" any material information that has not been disclosed in a NeoPharm press release or a report that has been filed with the SEC or distributed to NeoPharm's stockholders.

It is also essential that you do not share with or disclose to any other person any "material" information that is not already in the public domain. Trading by others on the basis of material information furnished by you can subject you to the same criminal and civil penalties that would apply if you were the trader, even if you personally do not benefit from the trading.

To protect you and NeoPharm from allegations of impropriety, you should postpone any planned purchases or sales of NeoPharm Securities until the material information known to you has been made public.

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When May You Buy or Sell NeoPharm Securities

- During an "open window" (defined below)
- At any time after getting affirmation from the CFO
- At NO TIME if the CEO or CFO has sent out a no trade advisory

It is NeoPharm's policy to allow time for the dissemination of material information to the investing public. **Accordingly, it is generally permissible for you to purchase or sell NeoPharm Securities only after receiving notice from the Company's CFO that a trading window has been opened (referred to here as an "open window") following disclosure of financial or other material information. Each notice of an "open window" will provide details as to the period during which trading will be permitted. Notice of an open window, however, is not a blanket authorization to purchase or sell NeoPharm Securities. If you have knowledge, or believe that you have knowledge, of material non-public information, even during an "open window," you must refrain from purchasing or selling NeoPharm Securities.**

Due to the evolving nature of NeoPharm's business, any proposed purchase or sale of NeoPharm Securities, other than during an "open window," must be approved in advance by NeoPharm's CFO. If clearance is withheld, that fact itself is confidential and should not be disclosed to others. If you are uncertain as to the appropriateness or the timing of a planned purchase or sale of NeoPharm Securities, consult with NeoPharm's CFO. He will be able to protect you from inadvertently entering into a transaction that might have the appearance of impropriety. You could be accused of trading on insider information, even if you were unaware of the information at the time of the transaction.

All purchases and sales of NeoPharm Securities, even those approved in advance or made during an "open window", must be promptly reported to the CFO so that we may keep our company-related ownership records current.

This policy will also apply to the exercise of options to purchase and rights to receive NeoPharm common stock under the 1998 Incentive Equity Plan and the Directors Stock Plan.

This policy is applicable to **you, your spouse, your children, and relatives living with you, and any corporations, partnerships, trusts or other entities that are directed or**

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controlled by you, your spouse and/or your children or relatives living with you. It is also applicable to any transaction made by any person upon your recommendation.

It is the policy of NeoPharm that any violation of this policy will be grounds for immediate dismissal of the violator at NeoPharm's sole discretion.

THE BOARD OF DIRECTORS