

**INSIDER TRADING POLICY
OF
PERNIX THERAPEUTICS HOLDINGS, INC.**

As of March 10, 2010

Note: This Policy was adopted as of, and took effect on, March 10, 2010.

I. GENERAL

The Board of Directors (the “**Board**”) of Pernix Therapeutics Holdings, Inc. (the “**Company**” or “**Pernix**”) has adopted this insider trading policy (this “**Policy**”) to promote compliance with applicable securities laws by the Company, its subsidiaries and all Associates (as defined below).

This Policy will be provided to all Associates at the commencement of their employment or association with the Company and will continue to apply to such persons throughout the course of their employment or association. All Associates must review and understand the terms and conditions of this Policy. Pernix’s Chief Executive Officer has been given authority by the Board to implement, enforce and interpret this Policy, as well as to make reports to the Board about matters arising under this Policy. All questions regarding this Policy should be directed to Pernix’s Chief Executive Officer.

The Company expects strict compliance with this Policy by all Associates. Failure to observe the guidelines may result in serious legal consequences, including fines and imprisonment, for the violating Associate as well as for any supervisory personnel. Failure to follow the letter and spirit of this Policy will be considered a matter of extreme seriousness and may serve as a basis for termination of employment or association with the Company.

II. DEFINITIONS

A. “**Associates**” include all directors, officers and employees of, and consultants and contractors to, the Company and its subsidiaries, as well as their Related Persons.

B. “**Material Information**” is information that there is a substantial likelihood a reasonable investor would consider important in making a decision to buy or sell securities of an issuer or that is likely to have a significant effect on the market price of the security. Material Information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity. Determinations of materiality are almost always judged with the benefit of hindsight and,

as such, when in doubt, Associates should assume that the information is material and treat it accordingly.

C. Information is “**Nonpublic**” if it has not been disclosed generally to the market or to the investing public.

D. “**Pernix Securities**” include any securities of the Company, as well as derivative securities relating to such securities, whether or not issued by the Company, such as common stock, preferred stock, options, warrants, convertible notes and exchange-traded options.

E. A “**Related Person**” is a family member who resides with a person, anyone else who lives in such person’s household and any other family members whose transactions in Pernix Securities are directed by such person or subject to such person’s influence or control.

F. “**Section 16 Persons**” include the Company’s directors and executive officers, and beneficial owners of more than ten percent of any class of equity securities of the Company.

G. “**Senior Personnel**” include the Company’s directors and executive officers, directors and executive officers of the Company’s subsidiaries specifically designated by the Board and non-executive officers and other key employees specifically designated by the Board, as well as their Related Persons.

H. A “**Trading Day**” means a day on which the American Stock Exchange is open for trading.

III. RESTRICTIONS AND PROHIBITED TRANSACTIONS

A. Insider Trading Restrictions

1. *Trading on Nonpublic Material Information.* Associates in possession of, or aware of, Nonpublic Material Information relating to the Company or any of its subsidiaries may not purchase or sell (or offer to purchase or sell) Pernix Securities, or engage in any other actions which would take advantage of such information, until after the lapse of two full Trading Days following the date of public disclosure of such information.)

2. *Tipping.* Associates may not disclose Nonpublic Material Information to other persons or entities (including Related Persons) that could purchase or sell Pernix Securities. The liability imputed to an Associate for such

tipping activity extends to trades executed by persons who receive the information directly or indirectly from such Associate's tippee.

3. *Information About Other Companies.* Associates may become aware of Nonpublic Material Information of other companies in the course of their association with Pernix or its subsidiaries. Associates are prohibited from purchasing or selling securities of other companies while they are in possession of, or aware of, such Nonpublic Material Information and from passing such information on to other persons or entities who could purchase or sell the securities of such other companies. This Policy requires Associates to treat Nonpublic Material Information of such companies with the same care required with respect to Nonpublic Material Information related directly to the Company.

B. **Additional Prohibited Transactions.** An Associate may not engage in short-term or speculative transactions involving Pernix Securities. Such transactions include (i) "short" sales (*i.e.*, sales of Pernix Securities which are not owned by the seller at the time of the sale), (ii) sales "against the box" (*i.e.*, sales of Pernix Securities which are owned at the time of sale but are not delivered promptly), and (iii) buying or selling puts, calls, options or other derivative instruments based on Pernix Securities (with the exception of the exercise of a stock option or other derivative instrument granted by the Company).

C. **Trading Blackouts**

1. *Quarterly.* Senior Personnel may not trade any Pernix Securities during the periods that begin ten business days prior to the end of each fiscal quarter (or the end of the fiscal year with respect to the fourth quarter) and that end after the lapse of two full Trading Days following the date on which the financial results for each quarter (or the full year with respect to the fourth quarter) have been announced publicly.

2. *Specific Events.* Under certain circumstances, Pernix may impose on Associates a moratorium on trading in Pernix Securities as a result of specific events. Associates will be notified with respect to event-specific blackout periods and all such periods will be managed in all respects by Pernix's Chief Executive Officer.

3. *Independent Application of Sections A and C.* Limitations in Section A above relating to Nonpublic Material Information remain applicable during periods when trading is permitted by this Section C. The two sections apply independently.

D. **Pre-Clearance Requirement for Trading.** Senior Personnel must receive pre-clearance from Pernix's Chief Executive Officer prior to any purchase, sale,

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trade or other transfer of Pernix Securities other than (i) periodic or regular purchases of Pernix Securities pursuant to a written stock plan of the Company, or (ii) purchases, sales or trades of Pernix Securities pursuant to an approved Rule 10b5-1 Trading Plan (as defined below). After receiving pre-clearance to engage in a transaction, Senior Personnel must complete the proposed transaction (including settlement) within one week or submit a new request to Pernix's Chief Executive Officer. Pernix's Chief Executive Officer must receive pre-clearance from Pernix's Chief Financial Officer prior to trading in Pernix Securities.

IV. RULE 10B5-1 TRADING PLANS

Associates may establish written programs ("Rule 10b5-1 Trading Plans") which permit automatic trading of Pernix Securities (i) through a third-party broker, or (ii) by an independent person (e.g., an investment banker) who is not aware of Nonpublic Material Information at the time of a trade. All Rule 10b5-1 Trading Plans must be pre-approved by the Board. Once a Rule 10b5-1 Trading Plan is implemented in accordance with this Section IV and applicable securities laws, trades pursuant to such program will not be subject to the limitations and restrictions set forth in other sections of this Policy. Trading pursuant to a Rule 10b5-1 Trading Plan may occur even during a blackout period or when the person on whose behalf such trade is made is aware of Nonpublic Material Information.

V. SECTION 16 FILINGS

Section 16 Persons must comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the Securities Exchange Act of 1934, as amended. The practical effect of these provisions is that Section 16 Persons who purchase and sell Pernix Securities within a six-month period must disgorge all profits to the Company whether or not they had knowledge of any Nonpublic Material Information. These rules may apply to securities received under an employee benefit plan. The Company will provide a separate memorandum and other appropriate materials to Section 16 Persons regarding compliance with Section 16 and its related rules.

VI. SUPERVISORY PERSONNEL

Supervisory personnel can be subject to civil and criminal liability for the violations of Associates and must take appropriate steps to prevent violations of this Policy.

VII. PROTECTING CONFIDENTIAL INFORMATION

All Associates are expected under this Policy to treat as sensitive and confidential all Nonpublic Material Information relating to the Company and its subsidiaries.

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Associates may not disclose such information to any third party who does not have a legitimate need for such information in connection with the Company's business. Associates are expected to be careful that their conversations are not overheard on elevators, airplanes or in other public places and to take all steps reasonably necessary to ensure that confidential documents containing such information are not left on conference tables, desks or otherwise unguarded. Any and all inquiries about the Company that may be made by the financial press, investment analysts or others in the financial community should, unless otherwise expressly authorized by Pernix's Chief Executive Officer, be referred to Pernix's Chief Executive Officer.

CERTIFICATION

The undersigned hereby certifies that he or she has thoroughly read, fully understands and agrees to comply with the foregoing Insider Trading Policy of Pernix Therapeutics Holdings, Inc.

Name:

Title:

Date: