

**K-V PHARMACEUTICAL COMPANY**  
**CORPORATE GOVERNANCE GUIDELINES**  
**(AS ADOPTED BY THE BOARD OF DIRECTORS ON**  
**JUNE 22, 2008, AND AMENDED ON DECEMBER 7, 2011)**

The following corporate governance principles (“Guidelines”) have been approved and adopted by the Board of Directors (the “Board”) of K-V Pharmaceutical Company (“KV”). These Guidelines, along with KV’s certificate of incorporation, by-laws and charters of the various committees of the Board, provide the foundation for its governance. Unless the context otherwise requires, all references to KV in these Guidelines shall refer to K-V Pharmaceutical Company and its subsidiaries.

**1. Roles of the Board of Directors and Management**

KV’s Board of Directors is elected by its stockholders and is the ultimate decision making body of KV, except with respect to those matters reserved to its stockholders in the certificate of incorporation, by-laws, New York Stock Exchange (“NYSE”) rules or under law. KV’s business is conducted by its employees and officers under the direction of KV’s Chief Executive Officer and subject to the oversight of the Board. Both management and the Board seek to enhance the long-term value of KV for the benefit of its stockholders. In doing so, KV recognizes that the interests of its stockholders also will be advanced by responsibly taking into account the concerns of its other constituencies, including customers, employees, the communities in which it does business, the public at large and the governmental entities which regulate its businesses.

**2. Critical Functions of the Board of Directors**

In addition to overseeing KV’s management, the Board, among other things, is responsible for the following matters:

- considering and approving KV’s fundamental business strategies and major corporate actions;
- enhancing KV’s integrity and reputation by ensuring that the corporation establishes, implements and maintains policies, practices and procedures for full compliance with all applicable laws and for meeting the high ethical standards that the Board and the public expect of a leading pharmaceutical company; and
- in conjunction with the Executive Compensation Committee, evaluating the compensation of the CEO and advising and providing oversight to the Chief Executive Officer regarding the selection, evaluation and compensation of senior executives and planning for succession to the position of Chief Executive Officer as well as certain other senior management positions.

### 3. Director Responsibilities

The primary responsibility of each Director is to exercise his or her business judgment in good faith to act in what the Director reasonably believes to be in the best interests of KV and its stockholders. In discharging this responsibility, KV requires that each Director shall:

- preserve the confidential nature of material information given or presented to the Board of Directors;
- disclose to the other Directors any potential conflicts of interest he or she may have with respect to any matter under discussion and, if appropriate, refrain from voting on such a matter;
- not serve as a director, officer or employee of any entity which is in competition with KV and not misappropriate any opportunity or asset belonging to KV for his or her direct or indirect benefit; and
- consistent with the Board's belief that management speaks for KV, and except as provided in these Guidelines, refer all inquiries from the press, institutional investors and others to the Chief Executive Officer or such other executives as required by KV's disclosure policies, provided, however, that a Director may, from time to time, meet or otherwise communicate with various third parties about KV but only with the knowledge and advance approval of the corporate communications department management or if requested by corporate communications department management.

### 4. Director Qualifications and Selection Process

***Integrity, Values and Experience.*** Each Director should possess the highest personal and professional ethics and integrity, and be devoted to representing the interests of KV and its stockholders. A Director must be willing to devote sufficient time to carrying out his or her duties and responsibilities effectively. KV seeks to have a Board of Directors representing diverse experiences in business, government, education, technology and in various areas relevant to its businesses. KV also will consider the diversity, age, skills and other factors relevant to a Director's overall qualifications in determining a combination of Directors that will best serve the needs of the Board and KV.

***Independence.*** KV's Board of Directors shall at all times be comprised of no less than a majority of Directors who meet the criteria for independence as required by Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), the Securities Exchange Commission ("SEC"), the NYSE and any other principal stock exchange upon which KV's common stock and any other of its securities are traded.

***Chairman of the Board.*** KV has no fixed policy with respect to the separation of the offices of Chairman of the Board and the Chief Executive Officer. The Board believes that this issue is part of the succession planning process, and that it is in the best interests of KV for the Board of Directors to make this determination from time to time, when selecting a new Chief Executive Officer.

**Lead Director.** The Board will designate or provide for the designation of one of its independent directors as Lead Director and will maintain the position of Lead Director on the Board.

## **5. Independence of Directors**

The Nominating and Corporate Governance Committee shall be responsible for creating categorical standards to assist it and the Board in making a determination of independence of Directors in accordance with the Sarbanes-Oxley, the rules and regulations of the SEC and the NYSE, and other governing laws and regulations. Upon approval by the Board, the standards shall be disclosed to interested parties of KV. Each independent director shall immediately inform the Board of any change in his or her independent status. The Nominating and Corporate Governance Committee shall present for approval to the full Board a report regarding its determination on the independence (or lack thereof) of each Director serving on the Board.

## **6. Meetings of the Board of Directors**

**Attendance and Preparation.** Each Director is expected to attend all Board meetings and all meetings of committees on which the Director serves. A Director should notify KV's Secretary as soon as practical after he or she becomes aware of being unable to attend a meeting. Information and data that are important to the Directors' understanding of the business to be conducted at a Board meeting generally should be made available or distributed to the Directors no less than three business days before the meeting. All committees shall establish information distribution guidelines and timelines within their individual charters. Each Director should review these materials in advance of the meeting.

**Meeting Agendas.** The Chairman of the Board, or his designee, or in the absence of a Chairman, the Lead Director, or his designee, will establish the agenda for each Board meeting. A Director may raise subjects for discussion at any Board meeting whether or not included within the formal agenda for that meeting.

**Executive Sessions of Independent Directors.** Executive sessions or meetings of those members of the Board of Directors who meet the then current standards of independence shall be held at least once each year and more frequently if the independent Directors so desire. No member of KV management shall be present at such executive sessions. The independent Directors may meet in executive session completely separate from a scheduled meeting of the full Board of Directors or during a scheduled Board meeting upon first excusing all members of KV management from that segment of the meeting. The presiding director for these meetings shall be determined annually on a rotating basis. In order that interested parties may be able to make their concerns known to non-management directors, KV shall develop and disclose the method for such parties to communicate with the non-management directors as a group.

## **7. Board Committees**

***Standing Committees.*** The Board will have at all times an Audit Committee, an Executive Compensation Committee and a Nominating and Corporate Governance Committee (each, a “Committee”). All of the members of these Committees shall be Directors who then meet the independence criteria then in effect and as required by Sarbanes-Oxley, the SEC, the NYSE and any other principal stock exchange upon which KV’s common stock and any other of its securities are traded. The Board of Directors may create additional standing and ad hoc committees as deemed appropriate from time to time. Consideration will be given to rotating Committee members periodically, but the Board does not believe that rotation should be mandated.

***Committee Charters.*** Each Board Committee will have its own charter. The Board will review the charters and its Standards of Business Ethics, Senior Executive Code of Ethics and Compliance Program Description annually, with the advice of outside counsel, and assure they are posted on the Company’s Internet Website or Intranet.

***Committee Meetings and Agendas.*** The members of each Board Committee, in consultation with KV’s Chairman of the Board, Chief Executive Officer and senior executives, will determine the frequency and length of the Committee meetings consistent with any requirements set forth in the Committee’s charter. The members of each Committee, in consultation with the senior executives, will develop the Committee’s agenda for each meeting. Minutes from the Committees will be included in the Board of Directors’ next board binder.

***Regular Reports to the Board.*** Not less than annually, each standing Committee of the Board will make a report to the Board regarding any issues that arose. Such reports shall include an analysis of the issues and how such issues were resolved or otherwise addressed by the Committee.

***Engagement of Advisors.*** The Board and each Committee have the power to hire, at the expense of KV, independent legal, financial or other advisors as it may deem necessary, without consulting or obtaining the approval of any officer of KV in advance.

## **8. Director Access to Officers and Employees**

***Contacts.*** Directors shall have full and free access to officers and employees of KV. In addition, each Board committee shall have a liaison appointed by the Company to assist with interacting with management and to provide information necessary or desirable for the committee to fulfill its functions. Any meetings or contacts that a Director wishes to initiate may be arranged through the Chief Executive Officer or Secretary. A Director will use his or her judgment to ensure that any such contact is not disruptive to the business operations of KV and will, unless inappropriate, copy the Chief Executive Officer and Secretary on any written communications between a Director and an officer or employee of KV.

***Participation in Meetings.*** In addition to the Chief Executive Officer, the Chief Financial Officer and Secretary, the Board of Directors welcomes regular attendance at each Board meeting of the appropriate senior executives of KV as shall be determined from time to time. The Chairman of the Board and the Chief Executive Officer may request invitations to sit on all Committee meetings and extending that invitation shall not be unreasonably withheld.

## **9. Management Evaluation and Succession**

***Review of Performance.*** At least annually, the Board, in conjunction with the Compensation Committee and the Human Resources Department, shall review the performance of the Chief Executive Officer and other senior management, to ensure that the Chief Executive Officer and the senior management are providing the best leadership for KV in the long and short term.

***Succession Planning.*** In order to be prepared in the event of an unexpected inability of the Chief Executive Officer to continue to serve, the Board, in conjunction with the Nominating and Governance Committee and the Organizational Development Department, shall identify and evaluate potential successors to the Chief Executive Officer. In evaluating potential successors, the Board or the Nominating and Governance Committee shall meet with the Chief Executive Officer to discuss his/her recommendations and evaluations, including a review of any development plans recommended for such potential successors.

## **10. Director Compensation**

The form and amount of Director compensation will be determined by the full Board of Directors on the recommendation of the Executive Compensation Committee in accordance with the policies and principles set forth herein, in its charter and any exchange or other applicable rules. The Executive Compensation Committee will conduct an annual review of Director compensation. The Board of Directors, upon the advice of the Nominating and Corporate Governance Committee, shall consider whether the independence of Directors may be jeopardized if Director compensation and perquisites exceed customary levels, if KV makes substantial charitable contributions to organizations with which a Director is affiliated, or if KV enters into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated.

## **11. Director Education and Continuing Education**

KV will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors of KV for their benefit prior to or within a reasonable period of time after their nomination or election as a Director. The program or materials will include information to familiarize new Directors with KV's strategic plans, its significant financial, accounting and risk management issues, its

compliance programs, its Code of Business Conduct and Ethics, its principal officers and its internal and independent auditors.

The Board encourages its members to participate in continuing education programs sponsored by universities, stock exchanges or other organizations or consultants specializing in director education. Subject to approval by the Chairman of the Board and/or the Chief Executive Officer, a Director may attend continuing education programs at KV's expense.

**12. Annual Performance Evaluation**

The Board of Directors will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments and annual individual assessments from each Director, and report annually to the Board with an assessment of the performance of the Board, as well as a summary of each Director's individual assessment, in accordance with standards adopted by the Committee and approved by the Board. The performance assessment will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to KV and specifically focus on areas in which the Board or management believes that the Board could improve. In addition, at least annually the Board shall review whether the company is in line with its long-term strategic plans.

**13. Annual Stockholders' Meeting Attendance**

All Directors are encouraged to attend the Annual Stockholders' Meeting, absent extraordinary circumstances.

**14. Amendment, Waiver and Modification**

The Board recognizes that these Guidelines must continue to evolve in accordance with the changing needs of KV, its stockholders and the applicable laws and regulations. The Board will periodically review these Guidelines to determine whether any changes are appropriate. The Board may amend, modify or waive these Guidelines, subject to the disclosure and other provisions of laws, rules and regulations applicable to KV.

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