



APRIA HEALTHCARE®

CODE OF ETHICAL BUSINESS CONDUCT

Policies and Guidelines of Apria Healthcare

Compliance Hotline • 1-888-COMPLY-9 (888-266-7599)
Internet Hotline • www.ethicspoint.com

Revised November 2015

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APRIA HEALTHCARE®

WELCOME TO APRIA HEALTHCARE

Apria Healthcare has a long history of commitment to providing quality home healthcare services and products to customers and patients in an ethical manner and in full compliance with all federal, state and local laws and regulations. In fact, Apria has been a pioneer in implementing a corporate compliance program and participating in industry-wide efforts to establish and raise the ethical and compliance standards for all home respiratory therapy/medical equipment providers.

Ethical conduct makes good business sense. No commercial objective can be more important than obeying the law while focused on growing and operating our business. We firmly believe in operating our business with honesty and integrity. Every employee has the responsibility to obey the law and act in an ethical manner. Keep in mind that you have a responsibility to proactively bring any concerns you may have regarding compliance issues to the attention of your supervisor, another appropriate manager or department head.

We take considerable pride in our Company and in the service and products we provide to our customers and patients. As an employee of our Company, you have the opportunity to contribute to Apria Healthcare's success and future as a leader in the home healthcare industry. Please read this Code of Ethical Business Conduct carefully. I believe you will find this information helpful in getting acquainted with a key aspect of our Company's culture. On behalf of all of the employees who have made Apria a leader in our industry, I would like to welcome you.

Dan Starck
Chief Executive Officer





OUR MISSION STATEMENT

Our mission is a simple but important one:

Improving the quality of life for our patients
at home.



COMPANY VALUES

PATIENT CARE

Our top priorities are the care and well-being of our patients which we express through compassionate service.

ETHICS AND VALUES

We believe honesty, integrity, personal responsibility, and accountability are embedded in everything we do.

SERVICE EXCELLENCE

We strive to make a difference every day in the lives of our internal and external customers through superior service.

SENSE OF OWNERSHIP

We empower employees to take initiative, take ownership, and perform their best.

COLLABORATION AND TEAMWORK

We believe working together with employees, customers, and vendors is critical for success.

CODE OF ETHICAL BUSINESS CONDUCT

INTRODUCTION TO COMPLIANCE

This Code describes long-standing policies, procedures, and guidelines that Apria Healthcare follows to ensure that our business is conducted with integrity and in compliance with applicable laws, rules and regulations issued by various federal and state agencies. References to Apria Healthcare LLC, Apria or “the Company” include any and all of Apria Healthcare’s operating divisions, subsidiaries, ventures and DBA locations (“doing business as”). Every employee is expected to understand and follow the policies and guidelines described in this Code.

Violating the law could subject Apria Healthcare and the individuals involved to civil and criminal proceedings, regulatory action, and private lawsuits. Any employee who violates the policies and guidelines in this Code will be subject to disciplinary action, up to and including a reduction in any variable compensation they may otherwise be eligible to receive and/or termination of employment.

Employees who violate the law can be substantially penalized, including personal fines running into the hundreds of thousands of dollars, a significant prison term, and/or repayment of any profits earned from the non-compliant activities.

For the Company, violating the law can mean a fine of many millions of dollars, the loss of important customers, potential damage payments involving up to triple the value of improper claims or payments made from government payors in particular, and disqualification from participation in federal healthcare programs. The Board of Directors, executive management team, local managers and other employees may be held liable for non-compliant activities which occurred while they were employed or contracted.

THE PURPOSE OF THE CODE

The Code of Ethical Business Conduct is a guide that contains the “do’s and don’ts” from a legal and ethical perspective. The Code not only lays down a strong cultural foundation for our business, but also helps enforce and implement legal and ethical policies and procedures for all kinds of decision making. It provides a standardized benchmark against which we can measure our activities and also make decisions.



OUR RESPONSIBILITIES UNDER THE CODE — ETHICAL AND LAWFUL BEHAVIOR

We have established multiple disclosure methods and audit procedures to detect potentially illegal practices. However, if you become aware of an ethical or legal violation, including violation of the policies described in this Code, you have an obligation to report it to your supervisor, the Corporate Compliance Officer or the Company's toll-free Compliance Hotline.

Apria Healthcare is serious about ethical conduct and complying with all laws that affect our business. In today's highly competitive and heavily regulated healthcare marketplace, business decisions are more difficult than ever. The government, the media and the general public all have unprecedented interest in the way we conduct our business. We will not take actions that undermine our ethical principles or violate legal requirements. We must always remember our obligation to our customers and patients, and understand that our livelihood depends upon establishing and maintaining their trust and confidence in our services and products.

As a leader in the home healthcare industry, Apria Healthcare must meet high standards of ethical and legal conduct. Our reputation for quality, integrity, honesty, and respect in all business dealings is essential to our continued success.

Each of us has a stake in that success. Our individual careers, as well as our future as a company, depend on a conscious adoption of the ethical principles, values and standards of conduct outlined in this Code. We have firmly committed this organization and its resources to setting the standard for our industry.

ALL EMPLOYEES

- All employees are responsible for obeying the policies and guidelines contained in our Code of Ethical Business Conduct, as well as the laws that apply to our business.
- All questions and concerns should be brought to the attention of a supervisor, manager, the Legal Department, Human Resources, the Corporate Compliance Officer or the toll-free Apria Healthcare Compliance Hotline.
- We must maintain the Company's reputation for quality, integrity, honesty and respect.
- We are committed to giving fair treatment to our customers, suppliers, and fellow employees.
- Employees should report anything that clearly violates and/or may violate the Code. All reports must be in good faith. False reports will result in disciplinary action.

MANAGEMENT

In addition to the responsibilities that apply to all employees, management is responsible for:

- Ensuring that each employee under their direct supervision receives and reads the Apria Healthcare Code of Ethical Business Conduct.

- Discussing with each employee under their direct supervision the content and application of the Code and the principles of the Corporate Compliance Program.
- Informing each employee under their direct supervision that compliance with the Code is a condition of employment and that any employee who violates the Code or applicable laws and regulations is subject to disciplinary action, up to and including a reduction in any variable compensation they would otherwise be eligible to receive and/or termination of employment.

SENIOR MANAGEMENT AND EMPLOYEES WITH ACCOUNTING AND FINANCIAL REPORTING RESPONSIBILITIES

The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and all accounting and finance personnel bear a special responsibility for promoting integrity throughout the organization, for adhering to the principles themselves, and also for fostering a culture throughout the Company that helps to ensure the fair and timely reporting of the Company's operating results and financial condition.

SPECIFIED EMPLOYEES

Periodically, the Company will ask employees in certain job functions to acknowledge their commitment to the Code by attesting to their understanding of, and compliance with the Code. Specified employees will also be required to affirm that they have disclosed all potential violations. Failure to complete the attestation, as requested, is grounds for disciplinary action.

This Code sets forth many avenues for you to address your concerns, including the toll-free Compliance Hotline. With your help and cooperation, Apria Healthcare's performance will demonstrate to all stakeholders that sound ethical and legal practices not only mean doing the right thing — they also translate into good business practices.



GENERAL PRINCIPLES FOR ETHICAL AND LEGAL PRACTICES

As a leader in the home healthcare industry, Apria Healthcare must meet high standards of ethical and legal conduct. Our reputation for quality, integrity, honesty and respect in all business aspects is essential to our continued success.

While it is impossible to catalog every situation that might arise, the following general principles are important:

Fairness and Honesty

- **Work with suppliers, customers and patients on a fair and honest basis.** Buying and selling must be done on an “arm’s length” basis, free of any kickbacks, bribes, secret commissions, gifts or favors. Customers and patients should be furnished with accurate information regarding services and products provided and billed fairly and correctly.

Accurate Recordkeeping

- **Maintain books and records and accounting controls for the entire Company that accurately and fairly reflect our revenue, income and expenses.** Our employees must follow accounting

and inventory controls. These controls are designed to protect not only against bribes and kickbacks, but also against the use of Apria assets in unauthorized ways, such as not recording or obtaining internal managerial authorization for financial transactions, and maintaining improper bank accounts. Each employee is required to cooperate fully with the Company’s internal and external auditors.

Independent Business Judgment

- **Avoid any situation in which your independent business judgment might appear to be compromised.** Charges of bad faith and misdealing can arise in any situation where your personal interests and the Company’s interests are not the same. For this reason, employees should not have a financial interest in customers, suppliers or competitors of the Company (except for owning less than one percent of the stock of a publicly traded company). Employees also cannot work for a customer, supplier or competitor without prior management approval.

Candid Reports

- **Make candid reports to directors, management, and fellow employees.** Among other things, this requires that reports contain accurate information and that accounting records be properly maintained in accordance with generally accepted accounting principles. It also means that employees must fully and frankly disclose to management anything that might affect the Company's reputation. Compliance concerns must be reported factually and on a timely basis.

Proprietary Information

- **Protect proprietary information.** Outside of work, be careful not to divulge information about the Company, our business or our patients, even accidentally. For example, matters that should not be disclosed include:
 - Sales or revenue trends and other undisclosed financial results,
 - Lists of suppliers or customers (including patients),
 - Contract terms,
 - Prices,
 - Confidential information disclosed to the Company by customers, suppliers or any other firm with which we do business,
 - Policy, procedure and training manuals,
 - Reports and memoranda concerning the Company, including internal and external audit and consultant reports,
 - Information about pending or completed acquisitions,
 - Compliance matters,
 - Patient or customer concerns,
 - Sales, marketing and operational strategies, and
 - Protected health information (PHI) about fellow employees or patients.

Intellectual Property

- **Without clearly documented permission, do not improperly use trademarks that we do not own, and do not reveal trade secrets disclosed to the Company by manufacturers or any other entity.** Do not duplicate licensed computer software. Willful infringement of a copyright is a crime.

Separate Politics from Business

- Except for contributions to the Company's political action committee, APRIAPAC, and lobbying efforts on behalf of the Company (at the direction of the corporate office), **keep political activities separate from the Company's business.** If you decide to make a political contribution other than to APRIAPAC (including providing volunteer services), it should be made with your funds and in your name and on your personal time, not the Company's. Company stationery or facilities should not be used for personal or political purposes. If an employee is appointed to or decides to run for a governmental office, he or she should first consult with management to ensure a conflict of interest does not arise.

Environmental Resources

- **Act as conscientious stewards of the natural resources around us.** This means that we must comply with applicable environmental laws and regulations, as well as show respect for our neighbors. This is especially true in how we handle and dispose of medical waste and hazardous materials, including liquid oxygen and pharmaceuticals.

OUR RESOURCES — GETTING ANSWERS TO ETHICAL AND COMPLIANCE QUESTIONS

The Company has many resources to help address ethical and legal issues. Open discussion of ethical and legal issues without fear of retribution is vital to the effectiveness of the Apria Healthcare Corporate Compliance Program. Apria Healthcare will not tolerate retaliation against any employee who, in good faith, reports an ethical or legal concern. Should you have a question about legal or ethical issues that arise in the performance of your job, you should take advantage of the following Apria Healthcare communications and compliance resources. If you are unsure whether a particular situation or activity amounts to a conflict of interest or unlawful or unethical behavior, consult the Company's resources listed below.

THE APRIA FIVE-STEP PROGRAM

1. **Discuss the issue with your supervisor.**

Your immediate supervisor knows you and the issues in your workplace better than anyone else in the Company. Give your supervisor a chance to solve the problem. Supervisors have access to a variety of Company resources to address a problem.

2. **Consult formal policies and procedures.**

The Company's policies and procedures address our operations and potential issues that arise on a day-to-day basis. The majority of the policies and procedures are available online on ApriaNET or SharePoint. Read through the relevant policy and discuss it with your supervisor. No local operating policies may be created by individual locations without the oversight and approval of the Apria corporate office.

3. **Speak to your department manager.**

If you and your supervisor cannot find an answer, or you do not feel that your concern is receiving proper attention, you can request a meeting with your department manager to discuss the matter further.

4. **Speak to the Human Resources Director or a Vice President.**

If your department or branch manager is unable to resolve the matter to your satisfaction, you can contact your Human Resources Director or bring the matter directly to your Vice President.

5. **Bring the matter to the attention of Corporate Human Resources, the Legal Department, the Corporate Compliance Department or another member of senior management.**

Matters that cannot be resolved at the local or regional level can be brought to Corporate Human Resources (if the issue relates solely to Human Resources), the Corporate Compliance group or other senior Company officials.

CORPORATE COMPLIANCE OFFICER

The Corporate Compliance Officer is responsible for overseeing and implementing the Company's Ethics and Compliance Program, and monitoring and promoting compliance with federal and state laws, regulations and requirements.

The Corporate Compliance Officer is authorized to implement all necessary actions to ensure achievement of the objectives of an effective compliance program. Contact the Corporate Compliance Officer at ComplianceDept@apria.com.

APRIA HEALTHCARE COMPLIANCE HOTLINE:

1-888-COMPLY-9 (888-266-7599) OR WWW.ETHICSPPOINT.COM

AVAILABLE 24/7, 365 DAYS A YEAR.

If for whatever reason you do not wish to communicate a concern to your supervisor or manager, you can call the toll-free Compliance Hotline or file a report at www.ethicspoint.com. The call or the report will not be traced and your anonymity will be preserved up to the limits of the law, if you wish to remain anonymous. All reports will be investigated or referred to appropriate management personnel for resolution.

CORPORATE COMPLIANCE PROGRAM POLICIES

Apria Healthcare has a formal Corporate Compliance Program, which includes our Code of Ethical Business Conduct and policies and procedures. The purpose of the Corporate Compliance Program is to ensure the Company's compliance with applicable federal, state and local laws, regulations and guidelines established by the Office of the Inspector General (OIG) of the United States Department of Health and Human Services and other applicable federal and state regulatory agencies.

The Corporate Compliance Program policies can be found on:

- [ApriaNET — Policies & Procedures > Ethics & Compliance > Compliance Program Policies](#)

THE LEGAL AND REGULATORY AFFAIRS DEPARTMENTS

For questions on legal matters relating to contracts, billing, sales incentives or other legal or ethical issues, the Company's internal legal staff can provide guidance and assistance in finding solutions and answers. Also, the Regulatory Affairs and Reimbursement Compliance Department can review and answer questions about government rules and regulations relating to Medicare, Medicaid and other government payors. Reports about suspected improper or illegal acts may also be made to any attorney in the Legal Department.

OUR RESPONSIBILITIES TO THE COMPANY — PROTECTING AND PRESERVING COMPANY ASSETS AND RESOURCES

Each of us is responsible for protecting and preserving Company assets and resources. Employees have obligations to safeguard Company resources from loss, damage, carelessness, waste, misuse or theft, and to be vigilant about using them legally, ethically, efficiently and for legitimate business purposes.

We must operate and maintain a robust internal control system that is designed to promote efficiency, prevent fraud, and help ensure the reliability of financial statements and compliance with applicable laws and regulations.

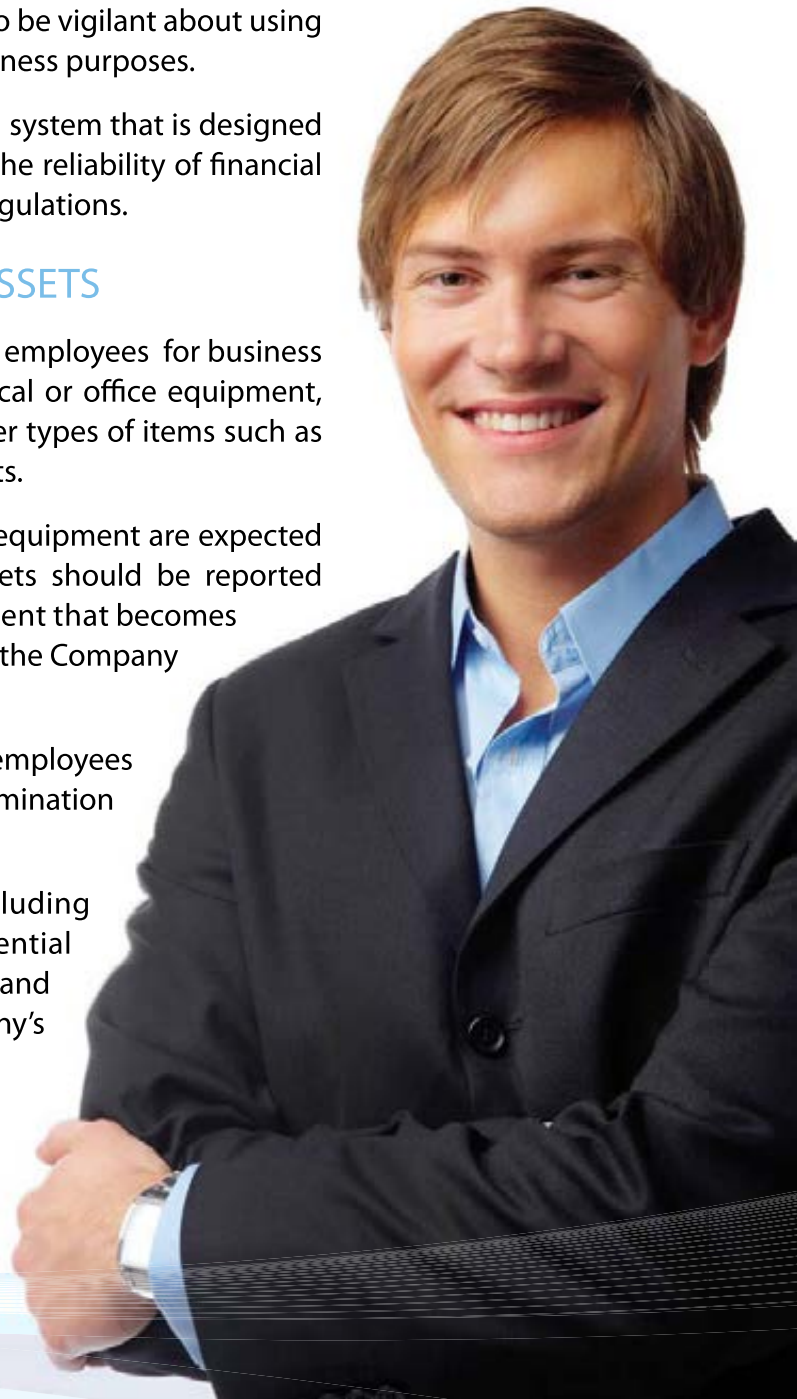
CUSTODY, CARE AND USE OF COMPANY ASSETS

Company assets are made available to Apria Healthcare employees for business purposes. This applies to physical assets such as medical or office equipment, vehicles, computers, drugs and supplies, as well as other types of items such as Company records, patient information and customer lists.

Apria Healthcare employees who are given custody of equipment are expected to maintain and properly care for it. Damage to assets should be reported promptly to appropriate Company personnel. Equipment that becomes damaged or is no longer needed should be returned to the Company for repair or reassignment.

All Company assets in the custody of Apria Healthcare employees are to be returned in acceptable condition upon termination of employment.

Many valuable Company assets are intangible, including our trade secrets, name, trademarks, and confidential information. You must protect our intangible assets and confidential information just as you would our Company's physical assets.



RECORDKEEPING

The law requires Apria Healthcare to prepare and retain a large number of records in connection with its business. It is Apria Healthcare's policy to do so fully and accurately. The same applies to records that are part of Apria Healthcare's internal management information and control programs. If the Company fails to complete or retain required records, it could be subject to fines and other enforcement action.

- All Company records should be prepared accurately, reliably and honestly. Take the time to learn what kinds of records are required in your job and see that they are prepared and stored properly, in accordance with Company policy.
- Store all records in a safe and secure location. Records should be organized in a manner that permits prompt retrieval. Dispose of old or unneeded records in accordance with our record retention policy. This includes electronic data and paper records. If you are unsure, always contact your supervisor or manager before disposing of any Company records.
- Never enter false or misleading information into Company records. If you are not sure of the accuracy or reliability of information, take steps to verify it or contact your supervisor.

COMPUTER SYSTEMS

Software and data must be protected from damage, alteration, theft, fraudulent manipulation, unauthorized access, and disclosure of confidential Company or customer information. Each employee must follow measures to keep such information secure.

Where appropriate, passwords should be used. Passwords should not be shared or disabled and computers should not be left on with confidential information on the screen if there is any chance that it could be viewed by an unauthorized person.

Employees must observe copyright restrictions for software and associated documentation. Do not copy computer software programs or use personal software on Company computer equipment. Doing so could be a violation of federal copyright laws and could introduce a computer virus into our system. The Corporate Information Services Department is the only authorized department to load software on the Company's computer systems.

Company computer facilities, including voicemail, electronic mail and Internet access systems, are provided to Apria employees to use for Company business purposes. Messages may not contain offensive or defamatory content, such as comments or images that would offend someone on the basis of his or her sex, race, color, religious creed, national origin, sexual orientation, age, disability, marital status, veteran status or any other characteristic. All materials stored, processed, sent or received on these facilities are the Company's property and are subject to inspection and monitoring by the Company at any time and without prior notice. Any misuse of these facilities could lead to termination of employment with the Company.



OUR BUSINESS RELATIONSHIPS — ACTING WITH HONESTY AND INTEGRITY

In all of our business relationships, we act with honesty and integrity. We do not act unfairly or improperly in our business relationships.

CORPORATE AND BOARD OPPORTUNITIES

Employees are prohibited from: (a) taking opportunities related to the Company's business for personal use; (b) using the Company's property, information or position for personal gain; (c) competing with the Company for business opportunities, or (d) being paid to provide proprietary information

about the Company. Employees should refer questions regarding the appropriate course of action to the Legal or Corporate Compliance Department before taking any action.

MARKETING MATERIALS AND INFORMATION

Apria Healthcare employees must not engage in illegal, unethical or deceptive activities to obtain business. While the Company intends to market and sell its products and services vigorously, employees must accurately represent our products and services at all times.

Apria Healthcare marketing information must be clear, accurate and informative. All advertising and promotional materials must be reviewed by clinical, quality, compliance, and legal personnel through the established review process. This includes an assessment of any claims made regarding the Company's products and services to ensure that claims are consistent with established laws and regulations and are substantiated by objective evidence. Apria Healthcare shall not make any written or oral claim regarding a product or service that has not been documented in advance and approved through the review process.

KICKBACKS/INDUCEMENTS

It is against the law and Company policy to provide a “kickback” or any other improper incentive or inducement to a referral source or any other party for the referral of home healthcare services and products. Such incentives may include excessive discounts, supplies and equipment, gifts, write-offs, professional courtesy or improper leases.

Apria Healthcare is subject to federal and state laws, rules and regulations that prohibit the offering, soliciting, giving or receiving of anything of value to an existing or potential referral source to induce the referral source to refer home healthcare business to Apria Healthcare. For example, the Medicare and Medicaid programs prohibit inducements to refer goods and services that are reimbursable under either of those programs. Such inducements include bribes, rebates, gratuities and kickbacks. In addition, federal and state self-referral laws prohibit a physician from ordering goods and services from a healthcare provider with which the physician (or a member of his or her immediate family) has a financial relationship, unless the relationship is covered by a statutory exception.

It has been Apria Healthcare’s long-standing policy to specifically prohibit any employee, agent or consultant from offering, giving, soliciting or receiving any form of inducement. Any of these acts can result in the civil and criminal prosecution of both the individual involved and Apria Healthcare. Personal funds or resources may not be used to do that which the Company is otherwise prohibited from doing.

Apria Healthcare will not seek or retain a referral source relationship that involves an improper incentive or inducement. If a referral source requests a service or a concession that you believe to be improper, do your best to explain why we cannot do what is being asked. Seek help from your local manager or the Legal Department if necessary. In many cases, a referral source will withdraw an improper request if the legal issues are properly explained. If you are not successful, you must be prepared to lose an account that will not conform to the requirements of the law.

An inducement, by definition, requires interaction with a referral source or potential referral source. Accordingly, sales and service representatives have a special responsibility to be aware of the laws, rules and regulations dealing with inducements and must be particularly sensitive to any situation that could result in an inducement. Some situations (such as giving a doctor cash in return for his or her business) are clearly illegal. Other situations are less obvious but may nevertheless be construed as an illegal inducement. Federal law and, in some cases, state law provide that an inducement may be direct or indirect, in cash or in kind.

Whenever a referral source or a prospective referral source makes such a request, or you become aware of a practice that you believe could be construed as an inducement, bring it to the attention of your Market Leader, Vice President or the Corporate Compliance Officer. They will contact Apria Healthcare’s attorneys to discuss the practice and follow-up. If you have any questions, do not act alone. The legal consequences to you and to Apria Healthcare of a mistake in this area could be significant.

COMMON MARKETING PRACTICES

The following discussion includes some general guidelines for dealing with certain common marketing practices. (Note: This list of practices is not meant to be all-inclusive. There are many other practices that are not discussed below that could be construed as an inducement.)

CUSTOMER DISCOUNTS

It is common practice in the home healthcare industry for suppliers not only to sell to patients on a retail basis, but also to sell to other customers, such as healthcare providers, on a wholesale basis. Generally, selling to a customer on a wholesale basis is permissible as long as: (i) the prices and any applicable discounts are appropriately disclosed, (ii) the arrangement is appropriately documented, and (iii) the customer pays for the products and services on an arm’s-length basis.

Discounts may be based upon:

- Competitive factors such as pricing or discounts offered by other suppliers in an arms-length transaction,
- The total estimated monthly volume of an account, including associated efficiencies,
- Service requirements, and
- Ease of payment collection.

FREE TRIALS

Apria Healthcare does not encourage the use of free trials as a routine sales practice. Free trials should only be offered to potential referral sources to demonstrate the quality of Apria Healthcare's services and products. Any free trial must have the prior approval of your Regional Vice President or Corporate Compliance or Legal Departments. Free trials should not be tied to the value or volume of referrals.

During the free trial, no one (including the referral source, patients and third party payors) is to be billed for any product or service provided by Apria Healthcare as part of the free trial.

REFERRAL SOURCE GIFTS

Apria Healthcare does not encourage the giving of gifts to referral sources. However, gifts valued at \$35 or less are allowed on an occasional basis, such as an annual holiday or the birth of a baby. Please note: certain states or referral sources such as university hospitals and other healthcare systems may have more stringent rules than this policy. Check with your local management.

All expenditures (including gifts and meals) in excess of \$35 must be approved by your Vice President, corporate department head or the Legal Department, in advance. Remember, gifts should not be tied to the value or volume of referrals.

REAL PROPERTY LEASES WITH REFERRAL SOURCES

Rental of space to or from referral sources or potential referral sources and rental of space to or from parties to whom the Company may refer must be reviewed and handled by the corporate Real Estate and Legal Departments. A standard property information checklist can be obtained from the Real Estate Department and must be completed by the other party to the lease.

AGREEMENTS WITH REFERRAL SOURCES FOR DELIVERY OF HOME MEDICAL EQUIPMENT AND SERVICES

To ensure that such agreements comply with all laws and regulations related to the delivery of home medical equipment and services, all agreements with referral sources or potential referral sources must be submitted to the Contracts Group of the Legal Department for preparation, review, approval, and signature.

CONSULTING AND SERVICE ARRANGEMENTS

Compensation paid to medical professionals or other referral sources for providing consultation or support services must be documented in a written contract, approved in advance by the Legal

Department. The contract must identify the services to be provided to Apria Healthcare and limit the payment amount to fair market value for those services. Every payment made under these contracts must also be supported by proper documentation indicating that the services contracted for were actually provided.

BILLING ADJUSTMENTS

Some referral sources may object to paying for all or a part of their bills or may request that Apria Healthcare forgive or adjust all or part of their or their patients' bills. In many instances, such adjustments may be inappropriate. In general, such adjustments may be made only in cases of an honest misunderstanding between the referral source and the Company or an error on the part of Apria Healthcare. Do not make promises or deals with a referral source with respect to the referral source's or patient's bill. Discuss the matter with your Regional Vice President.

CONTINUING MEDICAL EDUCATION AND IN-SERVICE TRAINING PROGRAMS

Apria Healthcare may not pay the cost of continuing medical education seminars for a physician, or any related travel expenses. This is a direct benefit to the physician and may be construed as a kickback for referrals. In-service training programs may be provided to certain referral sources, such as nursing homes, as part of Apria Healthcare's education about charges for its services and products. However, such training programs must be related to the services and/or products Apria Healthcare provides.

BILLING

Apria Healthcare employees who are involved in the billing and collection function are expected to understand and comply with all billing-related policies and procedures established by the Company, as well as applicable requirements of third party payors (including Medicare, Medicaid and other government payors).

Apria Healthcare shall bill only for goods and services that are properly ordered and delivered or performed, as appropriate. In no event shall Apria Healthcare

bill for equipment beyond the date it is provided, and the Company shall only bill for goods and services for which appropriate documentation exists.

All coding of services must conform to applicable government regulations and commercial payor instructions. All required billing information (including diagnosis coding) must be collected and recorded accurately. All contact with customers to obtain missing information must be properly documented.

Apria requires compliance with federal and state laws that prohibit the submission of false claims in connection with healthcare programs, including Medicare and Medicaid.

Apria Healthcare employees are expected to cooperate fully with all internal and external audits of Apria Healthcare's claims and its billing system. If you discover any coding error in the billing system, the matter should be brought to the attention of your supervisor so that he or she may determine the nature and magnitude of the problem and the appropriate corrective action. Apria Healthcare's policy is to



notify the appropriate carrier or payor of any overpayments and provide opportunity for recoupment of refund. All such matters should also be brought to the attention of revenue management personnel at the division or regional level or higher and, in the case of government billing, to the attention of the Regulatory Affairs and Reimbursement Compliance Department.

The Company may not routinely waive or write off copayments and deductibles for services rendered. Such a practice could cause the Company to violate its contractual obligations as well as certain government regulations.

You should consult the Company's Reimbursement Updates for questions pertaining to government billing, and SharePoint for Revenue Management Updates and National Payor Updates for questions pertaining to commercial billing. The Reimbursement Updates can also be found on SharePoint. The Revenue Management Updates and Payor Updates can be obtained from revenue management personnel and are available on SharePoint.

All questions about commercial billing can be directed to revenue management personnel. All questions about government billing can be directed to revenue management personnel or the Regulatory Affairs and Reimbursement Compliance Department.

QUALITY MANAGEMENT

To ensure that the Company provides top-quality products and services, Apria Healthcare operates a supplier quality oversight program. This program helps make sure the products and services we purchase conform to our policies and procedures, and to regulatory requirements. Also, Apria Healthcare's vendors are required to have processes to control documentation, handle customer complaints, manage manufacturer product recalls, isolate and control nonconforming products, investigate the causes of complaints and nonconformance and implement corrective action to prevent recurrences.

Each employee is responsible for ensuring the quality of his or her work, implementing the relevant provisions of the quality management

system, and complying with Apria Healthcare policies and procedures.

PRACTICE OF MEDICINE

Apria Healthcare is in the business of providing healthcare products and related services and is not engaged in the practice of medicine. Apria Healthcare shall obtain a physician's order prior to furnishing a product, drug or service for which an order is required according to applicable laws and regulations. Apria Healthcare employees must follow a physician's order with care and integrity, and shall never fabricate, tamper with, alter, or otherwise make any changes to a physician's order. To the extent that a physician's order is unclear, the Company shall either obtain written clarification from the physician or document the physician's verbal order changes in writing to ensure that the correct drug, medical item or service is furnished.

CONFLICTS OF INTEREST

Apria Healthcare employees are required to conduct themselves at all times in accordance with good business judgment for the sole benefit of the Company and in such a manner as not to create a conflict of interest or appearance of such a conflict.

No employee should have any business, financial, civic or professional interest outside the Company that in any way conflicts with that employee's ability to perform his or her duties at the Company with undivided loyalty, unless there is a review and approval by the Corporate Compliance Officer.

The Company does not intend to interfere with the rights of employees to engage in outside business or other activities that do not conflict with the obligations of their position or the interest of the Company.

You should consult Apria Healthcare's detailed policy regarding conflicts of interest. The policy is available on ApriaNET or can be obtained from your Branch Manager, Human Resources Director, Vice President or Corporate Vice President.

THE PEOPLE WE SERVE — PATIENT CARE AND PRIVACY

CLINICAL EXPERTISE/RESPECT FOR PATIENTS, INCLUDING FREEDOM OF CHOICE

Apria Healthcare employs professionals with the credentials, experience and expertise to meet the needs of our patients. Where required by applicable law or regulations, only licensed/credentialed employees shall conduct clinical assessments or provide certain services that involve hands-on patient care. Employees whose livelihood depends on maintaining and renewing the correct state clinical licensure (including multiple states, if applicable) are ultimately responsible for that licensure. Disciplinary action up to and including termination will occur if employees or managers do not comply with the applicable state clinical licensure requirements.

All employees are expected to respect each patient's privacy, dignity, comfort and convenience, and to treat each patient with consideration, courtesy, and respect. All patient services will be provided without discrimination due to race, color, religion, national origin, gender, sexual orientation, disability or age.

Patients have the right to receive information regarding Apria Healthcare's policies, procedures and charges, and to know the identity and qualifications of all Apria Healthcare personnel who provide them with services. Inherent in this concept is the Company's commitment to honoring a patient's freedom to choose his or her healthcare provider.



PATIENT PRIVACY

The Company is committed to maintaining the confidentiality of patients' protected health information. The Health Insurance Portability and Accountability Act's (HIPAA) privacy regulations established national standards to protect individuals' medical records and other personal health information. Because the regulations hold violators accountable, with civil and criminal penalties that can be imposed if patients' privacy rights are found to have been violated, it is especially important that the Company maintain necessary safeguards to protect the privacy of health information. The privacy regulations require that the Company: (i) inform patients about their privacy rights and how their information can be used; (ii) adopt clear privacy procedures; (iii) train employees to understand the privacy procedures; and (iv) secure patient records containing individually identifiable health information so that they are not readily available to those who do not need them. If you have questions relating to health privacy matters, consult your supervisor, the Company's Privacy Officer, or the Legal Department.

OUR COMMUNITY INTERACTIONS — COMPLIANCE WITH LAWS AND REGULATIONS

ENVIRONMENTAL LAWS

The Company's policy is to obey the laws that protect the environment. Employees must obey environmental laws, not only because it makes sense, but also because a violation can be a crime. Any person who knowingly violates requirements or prohibitions of such laws, including the stated conditions of approved permits, can be subject to civil and criminal fines and penalties.

Hazardous waste must be handled according to the law. Individuals and companies that mishandle hazardous waste run a substantial risk of being prosecuted. Violators have been fined or imprisoned for improper dumping of waste.

All employees are expected to handle biohazardous and other waste materials in accordance with established control, storage and disposal policies. All spills or accidents involving biohazardous materials should be reported promptly in accordance with such procedures and to your immediate supervisor. If you are unsure whether a particular situation or activity amounts to a violation of environmental laws, consult with your supervisor or manager, or the Real Estate or Legal Departments, before taking any action.

COMPETING FAIRLY AND COMPLYING WITH ANTITRUST AND ANTICORRUPTION LAWS

1. Antitrust Laws

The antitrust laws reflect the government's commitment to a free enterprise system. Supply and demand and vigorous competition give consumers quality goods and services at economical prices. It is the Company's policy to comply with all antitrust laws.

The criminal provisions of the antitrust laws prohibit any agreement between competitors regarding prices to be charged, bidding, customers to be solicited, or geographic areas to be served.

Examples of criminal agreements with competitors include:

- Agreeing upon selling price or list price,
- Exchanging bids with competitors,
- Allocating territories, customers or markets,
- Fixing a price range,
- Setting up a rotation method of bids among competitors,
- Limiting output or restricting delivery/service schedules, and
- Fixing discounts, rebates or credit terms.

Such agreements will almost always lead to civil and criminal prosecutions of individuals and of the companies they represent. In this area, as with the other areas discussed in this Code, offenses will likely lead to penalties for individuals consisting of major fines and substantial imprisonment. In addition, the Company could be subject to substantial fines.

Remember that any contact with a competitor is hazardous and could be illegal. Illegal agreements are often proved with evidence of “small talk,” “casual discussions” and “harmless” exchanges of business information. Avoid such discussions, whether they occur in a large, formal group or in a social setting following a trade association meeting.

If a competitor raises such a topic or any other matter that you believe might violate the antitrust laws or our policy, you must immediately and firmly decline to discuss it. You should then promptly notify the General Counsel of the event.

2. Anticorruption Laws

In conducting Company business, all Company employees must also comply with the U.S. Foreign Corrupt Practices Act of 1977 (“FCPA”) and local anticorruption laws.

The FCPA prohibits making, promising, or authorizing another to make, a corrupt payment or providing anything of value to a foreign government official (“Foreign Official”) in order to:

- Assist the Company in obtaining or retaining business, or
- Obtain an improper advantage for the Company by
 - Influencing a Foreign Official in his or her official capacity,
 - Inducing a Foreign Official to engage in any governmental act or decision,
 - Inducing a Foreign Official to use his or her influence to affect a government decision.

The definition of “Foreign Official” is very broad and includes not only government ministers and elected officials but also, for example, executives or middle managers in foreign manufacturing companies owned by a foreign country’s government.

The FCPA also prohibits payments or providing anything of value to third parties, such as consultants, where it is known, or should be known, that the third party will pass on the improper benefit to a Foreign Official for the Company’s benefit.

Apria expects all third parties with whom it does business to similarly conduct their business in accordance with all applicable laws and regulations, including complying with the FCPA and local anticorruption laws.

Violations of the FCPA or local anticorruption laws may result in serious criminal penalties for the Company and for individual Company employees.

If you are unsure whether a particular situation or activity amounts to a violation of the antitrust or anticorruption laws, consult with the General Counsel or another member of the Legal Department before taking any action.

MEDICARE PARTS C AND D REGULATIONS AND GUIDELINES

The Company is committed to ensuring that all Medicare Parts C and D services provided by, or on behalf of, the Company are in compliance with all applicable laws, regulations, and guidelines, including those compliance program guidelines issued by the Centers for Medicare & Medicaid Services (CMS). The Company has implemented mechanisms to monitor its subcontracted downstream providers and related entities compliance with these applicable Medicare program requirements.

To review the CMS guidelines, please visit: <http://www.cms.gov/Regulations-andGuidance/Guidance/Manuals/Downloads/mc86c21.pdf>.

If you become aware of, or suspect, conduct by Company employees (or employees of the Company's downstream entities or related entities) that may violate Medicare regulations, including the CMS guidelines, please contact your manager or use the Company's confidential communications channels to report such concerns.

FALSE CLAIMS UNDER FEDERAL AND STATE LAWS

FEDERAL FALSE CLAIMS ACT (FCA)

The Federal False Claims Act allows the Federal Government or private persons (qui tam plaintiffs or relators, also known as whistleblowers) to file lawsuits against individuals or entities for submitting false claims, causing someone else to submit false claims, or improperly avoiding or reducing an obligation to pay money to the Federal Government. The FCA covers fraud involving any federally funded contract or program (including Medicare and Medicaid), with the exception of tax fraud. If the action is successful, the qui tam plaintiff is entitled to a percentage of the recovery amount.

Under the FCA, any person who is found to have engaged in any activity prohibited by the FCA, including those referenced above, is liable to the Federal Government for three times the amount of the Federal Government's damages/loss plus penalties of \$5,500 to \$11,000 per false claim.

The FCA provides protection for the relator/whistleblower. It prohibits any adverse employment action (i.e., demotion or termination) to be taken against an employee who lawfully participates in an action under the FCA.

There are also administrative remedies for false claims or statements, including recoupment for overpayments, program exclusions and civil monetary penalties/sanctions. See U.S.C., Title 31, Chapter 38.

STATE FALSE CLAIMS ACTS

Some states have enacted their own false claims acts, modeled after the Federal False Claims Act. These state laws establish civil liability for individuals and entities that submit false or fraudulent claims to the state.

POLICY REGARDING FALSE CLAIMS UNDER FEDERAL AND STATE LAW

Apria's Corporate Compliance Program includes policies and procedures for detecting and preventing fraud, waste and abuse. For more information about the FCA and state false claims acts, please refer to Compliance Program Policy No. EC006, False Claims Under Federal and State Laws. This policy is posted on Apria's public website (www.apria.com) and on its intranet site (ApriaNET).

DEPARTMENT OF TRANSPORTATION (DOT) REGULATIONS

We operate one of the largest private commercial fleets in America. In delivering products and services to our patients, Apria Healthcare's commercial motor vehicle drivers and logistics and supply chain management team members must comply with the regulations issued by the Department of Transportation (DOT). The DOT's regulations are designed to promote a safe driving environment for our employees as well as the motoring public.

With regard to the Company's commercial motor vehicle drivers, the DOT has set forth rules limiting the number of hours that employees with commercial driver's licenses may drive and the number of hours they may work. In addition, the regulations require that a "record of duty status" (also known as a "daily log") be maintained unless certain criteria are met.

Drivers of commercial motor vehicles are also subject to certain drug and alcohol tests. Pre-employment, random, reasonable suspicion and post-accident tests may be given, depending on the circumstances. The Company must maintain driver qualification files containing certain documents (commercial driver's license, medical certificate, motor vehicle report, etc.) with respect to each employee who drives a commercial motor vehicle on behalf of the Company.

The DOT has also set forth rules regarding the transportation of hazardous materials. Each commercial motor vehicle carrying certain threshold quantities of hazardous materials must have the proper placards displayed. In addition, employees handling hazardous materials (including transporting or loading/unloading) must be trained to handle those materials. The hazardous materials must also be properly identified on the shipping papers (route sheets).

Apria is required to perform periodic inspections and maintenance of the Company's commercial motor vehicles, maintain a list (or "register") of certain accidents involving commercial motor vehicles operated by the Company, and immediately notify the Department of Transportation of certain unintentional releases of hazardous materials.

You should consult Apria Healthcare's detailed policies regarding each of these areas for more information. These policies can be found in the Logistics Policies and Procedures Manual maintained at each of the Company's facilities or online at ApriaNET. If you have questions, consult with your supervisor, Branch Manager, the Corporate Transportation Safety Management Department, the Legal Department or Human Resources Department before taking any action.

FOOD AND DRUG ADMINISTRATION (FDA) MEDICAL GAS COMPLIANCE

It is the Company's policy to follow all applicable laws and regulations pertaining to the receipt, testing, storage, handling and transportation of oxygen. Any person who knowingly violates requirements or prohibitions of such laws can be subject to civil and criminal fines and penalties.

All employees that conduct the receipt, testing, transfilling, and distribution of liquid and gaseous oxygen must do so in accordance with Apria Healthcare's Medical Gases policies and procedures and the Food and Drug Administration's current Good Manufacturing Practices (cGMP).

If you are unsure whether a particular situation or activity is consistent with cGMP, consult with your supervisor, the Clinical Regulatory Compliance Department or the Legal Department before taking any action.

GOVERNMENTS AND GOVERNMENT AGENCIES

The Company has significant interactions with federal, state and local governments, both as a supplier of goods and services and as a corporate citizen. Government agencies and employees are entitled to respect and to be treated with integrity. Statements made and records submitted to government purchasing agents (including Medicare contractors), and contract bids for government business, if applicable, are to be made in good faith. Sufficient care must be taken to ensure proper recording and charging of all costs to the proper account.

Employees must adhere to Apria Healthcare policies and procedures when handling inspections, visits, inquiries or communications to or from federal, state, or local government regulatory or licensing agencies. Management must be informed of all inspections, and all inspections must be documented per established policy and procedure.

The Company's interactions with governments are also to be done at "arm's length." No employee may, directly or indirectly, offer or make any payment, gift, bribe, secret commission or other benefit to influence the decision or action of any government employee, official, candidate or political party.

The Company is also required to file periodic reports with certain government agencies such as the Securities and Exchange Commission (SEC), the Internal Revenue Service (IRS), and the Centers for Medicare and Medicaid Services (CMS). Periodic reports concerning the Company's formal lobbying activities and Political Action Committee contributions (via the Company's APRIAPAC) must be filed with the U.S. Congress. All reports submitted to such agencies shall be prepared in accordance with applicable standards and regulations and submitted on a timely basis in order to avoid fines, audits and other sanctions.

If you are unsure whether a particular situation or activity with respect to a government or government agency might constitute a violation of the law, consult with the Legal Department before taking any action.

GOVERNMENT INVESTIGATIONS, AUDITS AND INFORMATION REQUESTS

Prosecutors have broad authority to investigate possible civil and criminal violations. They can convene grand juries, subpoena documents and seek interviews or testimony of Company employees.

Company policy is to cooperate with every reasonable request of government investigators and/or auditors. At the same time, the Company is entitled to all the safeguards provided by law for the benefit of persons under investigation or accused of wrongdoing, including legal representation.

If a representative of any government or government agency seeks an interview with you or requests access to data or documents for the purposes of an investigation, you should refer the representative to the Legal Department. You should then immediately notify the Legal Department. You should also preserve all materials that might relate to the investigation.

If a representative of any government or government agency visits a branch to conduct a site audit, or issues a request to provide documentation pertaining to a billing audit, follow Company policy including, the policy pertaining to regulatory inspections, which calls for you to:

- Notify Clinical Regulatory Compliance and/or the Government Compliance Manager in your area, and
- **Call the AIM Line at 949-587-1648 or email DL- Agency Inspection Management** to report the name and phone number of the person reporting the inspection, the branch location, inspecting agency, and the reason for the inspection.

All formal written communication between the Company and such auditors will be managed by these departments; no response letters should be drafted locally.

ETHICS AND COMPANY DISCIPLINE — RULES AND PERFORMANCE STANDARDS

EXPECTED BEHAVIOR

Common sense, good judgment, acceptable personal behavior and adherence to the Apria Healthcare Code of Ethical Business Conduct are expected of each Apria Healthcare employee.

COMPANY DISCIPLINE

Violations of Company rules and performance standards are handled through the Company's normal disciplinary procedures. Depending on the circumstances, violations of laws or regulations, or Apria policies or procedures, may entail more serious discipline, up to and including a reduction in any variable compensation for which the individual may otherwise be eligible and/or immediate termination from the Company.

Following are examples of conduct that will result in disciplinary action:

- Authorizing or participating in a violation of the law, a regulation or Company policy.
- Withholding, failing to report or attempting to cover up information about such violations.
- Providing inadequate supervision or displaying a lack of diligence or commitment in ensuring ethical behavior or conformance to Company policies.
- Attempting to retaliate or retaliating against individuals who report suspected violations.
- Making deliberately false or frivolous reports of ethical violations.
- Fabricating, falsifying, forging or otherwise inappropriately altering documentation.
- Discriminating against or harassing other employees who are involved in compliance matters.
- Failing — especially after given an opportunity to address certain deficiencies — to meet certain standards of performance on internal or external audits initiated by the Company or federal/state agencies and Apria's accreditation organization.

IMPACT OF NON-COMPLIANCE ON COMPENSATION

The Company's goal is to serve our patients and referral sources to the best of our ability and that, in turn, should result in revenue and income growth for the Company -- outcomes which help to ensure that Apria will serve customers for many years in the future. However, growth is not intended to be achieved "at any cost," meaning that the Company does not support compliance short-cuts or violations as a way to achieve that growth. In the event that an employee's actions are found to be in violation of this Code or Company policies and procedures, in addition to potential disciplinary action, it is possible that his/her compensation will be impacted negatively as well. This includes an impact to any merit increase or variable compensation for which the employee would otherwise be eligible. This determination is made at the end of each calendar year by Compliance employees who evaluate that year's performance of the Company's employees.

REGULATORY COMPLIANCE CERTIFICATION

On a periodic basis, Apria Healthcare will ask select employees to acknowledge their commitment to the Code of Ethical Business Conduct, otherwise known as the Code. Certification will include acknowledging understanding and compliance with the Code, and will require the employee to affirm that he/she has disclosed all potential compliance violations.

We are responsible for obeying the laws that apply to our business and for abiding by the Company's Code, with its requirement of honest and ethical conduct. We certify to that commitment and submit documentation to affirm our compliance. Failure to return the required certification documents as requested is grounds for disciplinary action.

A FEW CLOSING WORDS

This Code of Ethical Business Conduct is intended to give you a broad summary of the values and compliance policies that define Apria Healthcare's approach to compliance. The goal of the Code is to help you understand the Company's standards and policies and provide you with additional resources. This Code does not seek to give answers for every situation you might face. No document can make a decision or tough choice. If you need help, your supervisor is usually the best place to start. When that choice does not seem appropriate, review the Company's Compliance Program policies and procedures posted on ApriaNET and SharePoint or consider contacting other resources in the Company such as the Human Resources, Legal, Regulatory Affairs or Ethics and Compliance Departments. All of us are held to the same standard, and all of us have the same obligation: to adhere to this Code.



APRIA HEALTHCARE®

Compliance Hotline • 1-888-COMPLY-9 (888-266-7599)
Internet Hotline • www.ethicspoint.com