

Conflict of Interest and Confidentiality Policy

(Non-Employee Directors and Officers; Certain Shareholder Committee Members)

Purpose

Premier, Inc. is owned primarily by not-for-profit hospital and health care organizations. In the interest of these stockholders, Premier operates a number of business enterprises, some through affiliated, related, subsidiary, or managed companies (together, “Premier” or the “Company”).

These enterprises provide services to stockholders and, in some cases, other organizations. Each operates in a competitive environment where it is essential to safeguard proprietary information relating to Premier, its stockholders, customers, and business partners. Some activities are subject to laws and regulations relating to investments in and trading of securities. Some (for example, group purchasing contract awards) have the potential to influence public investment decisions.

Legal and ethical responsibilities flow from the circumstances above. These are responsibilities of directors, officers and committee members. They include the requirement of loyalty and fidelity, of administering Premier’s affairs honestly and ethically, and exercising best care, skill, and judgment for the benefit of the Company. In some instances, these responsibilities also include specific action or behavior established by law.

All officers, directors and committee members are expected to comply with the Best Ethical Practices for the Group Purchasing Industry, prepared by Professor Kirk O. Hanson and released on October 23, 2002 (the “Best Ethical Practices”), the requirements of the Health Industry Group Purchasing Association Code of Conduct, adopted on July 24, 2002 (the “HIGPA Code”), and the additional commitments made by Premier to Senator Herb Kohl and Senator Mike DeWine of the Subcommittee on Antitrust, Competition and Business and Consumer Rights in a letter dated August 5, 2002, (the “Additional Commitments”). The Best Ethical Practices, HIGPA Code and Additional Commitments are referred to collectively in these Guidelines as the “Premier Ethical Standards.”

The purposes of this policy are:

- To ensure appropriate identification, disclosure, handling, and recording of instances in which a director, officer or committee member may be presented with a conflict of interest.
- To ensure compliance with the Premier Ethical Standards.
- To provide guidance concerning compliance with laws and regulations relating to securities and investments.
- To provide guidance with respect to the confidentiality of Company matters.

Applicability

This policy applies to all members of the Boards of Directors and officers of Premier, Inc. and all of its affiliated, related, subsidiary, and managed companies who are not employees of Premier. This policy also applies to the members of the following Premier shareholder committees: the Group Purchasing and Member Relations Committee and the Quality Improvement Committee.

Conflict of interest

All directors, officers and committee members subject to this policy are required to exercise their powers and duties in the best interests of the Company and not to further their own interests or the interests of another person (including a family member) or organization. In other words, directors, officers and committee members shall not

use their corporate position to make a personal gain or for other personal advantage or for the benefit of any third party organization (including, without limitation, any stockholder, limited partner or group affiliate of the Company).

In themselves, conflicts of interest are not inherently improper. It is the manner in which an interested director, officer or committee member and the Company deal with the conflict that determines the propriety of the transaction and of the conflict.

Directors, officers and committee members should be alert and sensitive to any interest they may have that might be considered to conflict with the best interests of the Company. When a director, officer or committee member, directly or indirectly, has a financial or personal interest in a contract or transaction to which the Company is to be a party, or is contemplating entering into a transaction that involves use of Company assets or competition against the Company, the director, officer or committee member is considered to be “interested” in the matter.

- **Interest of directors in matters before the Board.** With respect to matters coming before the Board of Directors, any director who may have a conflict of interest should disclose all material facts about it to disinterested members of the Board, prior to a transaction or business action. The interested director should abstain from the discussion and voting on the matter while the disinterested directors discuss and vote. The disclosure and abstention shall be recorded in the minutes of the meeting. Notwithstanding anything to the contrary, consideration and approval of any transaction between Premier and any stockholder, limited partner or group affiliate of Premier shall be delegated to a committee of the Premier Board of Directors composed solely of the chief executive officer of Premier and all Premier directors who are not directors, officers, employees or affiliates of any stockholder, limited partner or group affiliate of Premier.
- **Directorships in common.** In some circumstances, Premier may enter into transactions with other companies that share a common director (or the Premier director, officer or committee member is an officer or employee of such other company). When possible, the affected individual, after having disclosed all known pertinent information, should avoid personal participation in acting upon any transaction between Premier and the other company.
- **Interest of committee members in matters before the committee.** With respect to matters coming before a committee subject to this policy, any committee member who may have a conflict of interest should disclose all material facts about it to disinterested members of the committee, prior to a transaction or business action. The interested committee member should abstain from discussion and voting on the matter while the disinterested committee members discuss and vote. The disclosure and abstention shall be recorded in the minutes of the meeting.
- **Non-director officers’ conflict of interest.** Officers of the Company that are not members of the Board of Directors shall also disclose all existing or potential conflicts of interest (whether or not relating to Board action) to the chief executive officer of the Company, prior to a transaction or business action. The chief executive officer shall disclose all material conflicts of interest by such officers to the Board of Directors.
- **Annual disclosure.** Directors, officers and committee members subject to this policy will complete a Disclosure Statement (Attachment A) at the beginning of each Premier fiscal year, and provide such statement to the General Counsel of the Company. The Disclosure Statement shall include any investment in, or any managerial, consulting, or employment relationship with, any outside concern that provides or seeks to provide goods or services to Premier, that competes with Premier, or that includes Premier as an equity investor.
- **Acceptance of gifts, honoraria or personal services payments.** No director, officer or committee member (nor such director’s, officer’s or committee member’s spouse or dependents) shall accept gifts, entertainment, favors,

honoraria or personal services payments (except of nominal value) from any Participating Vendor. Any director, officer or committee member who has received such items from a Participating Vendor or whose spouse or dependents have received such items from a Participating Vendor: (a) must disclose such fact on an annual basis and prior to the commencement of discussions relating to the applicable Participating Vendor; and (b) must not participate in any discussions, negotiations, voting or other decisions relating to the Participating Vendor from whom such items have been received. For purposes of this policy, Participating Vendor means a vendor that has a Premier contract or submits a formal bid or offer to contract with Premier. Premier will maintain on its website an updated list of Participating Vendors that is accessible by directors, officers and committee members. "Nominal value" shall mean any item, service or other thing of value (not including cash or cash equivalents) that does not exceed \$50 per instance or \$100 in any given calendar year. Any item, service or other thing of value that costs \$10 or less shall not be counted toward the \$100 annual limit.

Lunch and dinner appointments and recreational activities, including but not limited to golf and tennis paid for by outside concerns are acceptable if bona fide business matters are discussed. However, such activities not related to bona fide business matters are limited to a nominal value. No one shall accept the offer of recreational activities, including but not limited to golf and tennis, that is expressly meant to influence his or her decision-making or action affecting Premier, regardless of value.

- **Equity investments.** Each director, officer and committee member shall disclose on an annual basis any equity investments owned by such director, officer or committee member or his/her spouse or dependents in Participating Vendors. Further, each director, officer and committee member shall disclose prior to commencement of discussions concerning a particular Participating Vendor any equity investments owned by such director, officer or committee member or his/her spouse or dependents in such Participating Vendor. A director, officer or committee member who has or whose spouse or dependents have such investments must not participate in any discussions, negotiations, voting or other decisions relating to the applicable vendor. The term "equity investments" shall not be deemed to include mutual fund investments or investments that are held by a completely blind trust.

Confidentiality

- **Trading on undisclosed information.** Premier, its directors, officers and committee members shall comply with securities laws and regulations relating to material undisclosed information.

These laws and regulations prohibit directors, officers and committee members from purchasing or selling securities such as common stock of a company when they have undisclosed material information (often called "inside information") about that company. In general, those having such knowledge are prohibited from making any new investments in the company or selling its securities until after two full trading days following a public announcement of the information.

The securities laws also prohibit insiders from giving tips to others based on such undisclosed material information. Such tips might include passing along the undisclosed information or making a recommendation to buy or sell the securities of the company.

Premier, Inc. and other Premier-related entities are not publicly traded. However, directors, officers and committee members of Premier may from time to time become aware of material non-public information about other public companies with which Premier has business dealings. Examples are plans to award a major group purchasing contract to a company, plans to acquire an equity interest in a developing enterprise, or undisclosed information about a business partner's revenues and profits. In such instances, directors, officers and committee members of Premier are similarly prohibited by law and by this policy from trading in the securities of this other company until after two full trading days following a public announcement. Tipping others is also prohibited.

The prohibitions set forth above generally reflect the requirements of law as well as the Company's policy. A breach of this policy will quite likely constitute a serious legal violation as well.

- **Short-swing profits.** All directors, officers and committee members of the Company shall observe laws and regulations concerning short swing profit recapture where applicable.

These laws and regulations may be applicable if Premier, Inc. or one of its related, subsidiary, or managed companies owns more than 10 percent of the outstanding securities of a company that is publicly traded, or holds a seat on the governing board of such a company.

These provisions restrict profits on the purchase and sale of the company's stock within a six-month period.

- **Confidentiality in general.** All Premier directors, officers and committee members shall refrain from discussing internal Company matters or developments with anyone outside of the Company, except as required in the performance of regular duties.

Serious problems could be caused for the Company by unauthorized disclosure of internal information about the Company (or confidential information about the Company's stockholders, affiliates, and business partners), whether or not related to the purchase or sale of equity or other securities.

In general, Premier group purchasing contracts contain confidentiality provisions that prohibit external disclosure of prices and terms. In some other instances that will be disclosed to the Board, Premier may enter into confidentiality agreements for purposes of negotiating a strategic business relationship or other business transaction. Directors, officers and committee members of the Company are bound by such confidentiality provisions.

Inquiries that come to directors, officers and committee members from health care or financial media, investment analysts, or others in the financial community should be handled with care to assure disclosure requirements are met and that proprietary information is not publicized. In general, such inquiries should be referred to the Company's General Counsel, Chief Financial Officer, or Chief Communications Officer, who will support directors, officers, or other spokespersons in providing appropriate responses.

Guidance if needed

Any director, officer or committee member who is uncertain of the applicability of this policy or individual responsibilities relating to it should seek clarification and guidance before acting from Premier's Chief Executive Officer or General Counsel.

Policy administration

The Chief Executive Officer of Premier shall be responsible for administration of this policy for Board members, officers and committee members, and shall report to the Board annually on such administration.

Effective time

This policy shall be effective immediately upon its approval by the Board of Directors of Premier, Inc.

Approved by the Premier, Inc. Board of Directors, November 15, 2002

Revised as of April 24, 2004

Revised as of May 16, 2005

Attachment A

Disclosure Statement for Directors, Officers and Certain Shareholder Committee Members

Pursuant to the Conflict Of Interest and Confidentiality Policy adopted by the Board of Directors of Premier, Inc. on Friday, November 15, 2002, as amended on May 16, 2005, a copy of which has been furnished to me, I hereby disclose that I or my spouse or my dependents have the following affiliations, relationships, or personal and financial interests or have taken part in the following transactions that might possibly constitute a conflict of interest when considered in conjunction with my position with Premier or a company related to Premier (check and fill in the applicable blanks):

_____ 1. As described in the accompanying policy, I, my spouse or my dependents have an affiliation with or managerial, consulting or employment relationship to or a personal, equity or other financial interest, directly or indirectly in, and/or have received gifts, entertainment, favors, honoraria or personal services payments (of more than a nominal value) from the following businesses or organizations which, to the best of my knowledge, in the past have had, currently have, or expect in the future to have or seek contracts or business transactions of any kind with Premier, compete with Premier or include Premier as an equity investor:

Organization	Relationship With Organization	Premier's Relationship With Organization
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

_____ 2. To the best of my knowledge, I, my spouse and my dependents have no affiliation, managerial, consulting or employment relationship, or personal equity or other financial interest, directly or indirectly in, and have not received gifts, entertainment, favors, honoraria or personal services payments (except of nominal value) from any business or organization that in the past has had, currently has, or expects in the future to have any contract or business transactions of any kind with Premier, competes with Premier or includes Premier as an equity investor.

In the event that at any future date I, my spouse or my dependents acquire an affiliation, managerial, consulting or employment relationship, or a personal, equity or other financial interest in, or receive gifts, entertainment, favors, honoraria or personal services payments (except of nominal value) from any business or organization requiring disclosure hereunder, I will promptly disclose such fact by written communication to the Chief Executive Officer of Premier.

Signature: _____ **Print Name:** _____

Position: _____ **Date:** _____