POLICY STATEMENT ON THE PREVENTION OF INSIDER TRADING, SELECTIVE DISCLOSURE AND RELATED MATTERS FOR PACER HEALTH CORPORATION

This Policy Statement Is Applicable To All Directors, Officers, Employees And Consultants Of The Company And Its Subsidiaries

In the course of their employment with or other relationship(s) to the Company and/or its subsidiaries (collectively, the "Company"), the Company's directors, officers, other employees and consultants may come into possession of confidential and highly sensitive information that is not publicly known concerning the Company, as well as its customers, or other corporations with which the Company has contractual and/or other significant relationships. Much of this information, if and when disclosed, has the potential to significantly affect the market price and trading volume of securities of the Company or such other corporations.

Federal securities laws impose onerous civil and criminal penalties on persons who, in connection with a purchase or sale of securities, improperly use or disclose material non-public information about the issuer. This conduct is often referred to as "insider trading". The purpose of this Policy Statement is both to inform you of your legal responsibilities in this area and to warn you that the misuse by you of sensitive information is contrary to the Company's express policy and will be dealt with severely by us.

Insider trading is a crime under Federal law, punishable by criminal fines of up to $5 million and twenty (20) years in jail for individuals. In addition, the Securities and Exchange Commission (the "SEC") may seek the imposition of a civil penalty of up to three (3) times the profits made or losses avoided from such trading.[1] Insider traders may also be compelled to disgorge any profits made, and are often subjected to an injunction against future violations. Finally, under some circumstances, insider traders may additionally be subject to civil liability in private lawsuits.

Employers and other controlling persons (including supervisory personnel) are also at risk under Federal securities laws for the unlawful actions of others. Controlling persons face civil penalties of the greater of up to $1,000,000 or three (3) times the profits made or losses avoided by the trader and a criminal penalty of up to $5 Million (for individuals) and $25 Million (for corporate entities) if they are found to have recklessly failed to take appropriate steps to prevent insider trading.[2]

You should also be aware that the stock markets and other regulatory body surveillance techniques are becoming more sophisticated. As a result, the chance that Federal and/or regulatory authorities will detect and prosecute even small-level trading is significant.

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1 See Sections 21A and 32(a) of the Securities Exchange Act of 1934; see also, The Insider Trading and Securities Fraud Enforcement Act of 1988, 100 P.L. 704, and Section 1106 of the Sarbanes-Oxley Act of 2002.

2 Id.

Moreover, if an officer or employee violates this Policy Statement, Company-imposed sanctions, including dismissal for cause, may result. Obviously, any of the above-described consequences, even an SEC investigation that does not result in a prosecution, can tarnish a person's reputation and irreparably damage his/her career.

Insider Trading Laws

The Federal securities laws, as interpreted, prohibit the purchase or sale of a security at a time when the person trading in that security possesses or uses material non-public information concerning the issuer of the security which has been obtained or used in breach of a duty to maintain the information in confidence or where such information has been misappropriated. Because of your position(s) with (or relationships to) the Company, you have a duty to maintain such information in confidence. Communication of material non-public information to a third party, under circumstances where improper trading can be anticipated, is similarly prohibited -- even if the person communicating the information does not himself trade or financially benefit.

Material non-public information. Information is deemed to be material if there is a substantial likelihood that a reasonable investor would consider such information important in deciding whether to buy, sell or hold an issuer's securities. What is material and non-public depends in large part on what other information is known by and/or available to the public at a given time. In determining whether undisclosed information is material and non-public, the analysis is whether there is a substantial likelihood that the disclosure of the undisclosed information would be viewed by a reasonable investor as having significantly altered the "total mix" of information then available to the public.

Common examples of information that are frequently regarded as material are: significant new products or discoveries, projections or "guidance" by a corporation's officers of future earnings or losses; news of a pending or proposed merger or acquisition, or a tender or exchange offer; news of a significant sale of assets or the disposition of a subsidiary; entering into a significant agreement or transaction; changes in dividend policies or the declaration of a stock split or special dividend; the offering of additional securities; changes in management; significant new products or services; the gain or loss of a substantial customer or supplier; the commencement of litigation or a governmental investigation; unreleased earnings; and impending bankruptcy or financial problems. Both positive and negative information can be material. Earnings guidance includes indications that earnings are "up," "down" or "flat," along with such statements as "I would not be troubled by that," "that sounds about right," and "that's in the ballpark" or statements of similar import.

The above list provides only some examples of the many types of information which may be deemed material. It does not purport to be, and is not, an exhaustive list. Accordingly, directors, officers, employees and consultants of the Company should, in light of the severe legal penalties to which they are subject and the express policy of the Company on this matter, take a cautious approach to trading the Company's securities when in possession of significant information. If they are in possession of information which is non-public and which may be viewed as material, they should refrain from trading in any of the Company's securities until such information has been publicly disseminated and/or they have discussed any such proposed trading with the Company's Chief Executive Officer prior to taking any action.

Public information. Information is considered to be available to the public only when it has been released to the public through appropriate channels and sufficient time has elapsed to permit the investment market to absorb and evaluate the information. To avoid the appearance of impropriety, as a general rule, information should not be considered regarded as absorbed and evaluated until after at least two full business days have elapsed since the information has been publicly released.

It is important for you to remember that if any securities transactions in which you may engage become the subject of scrutiny, they will be viewed with the benefit of hindsight. Consequently, before trading in any securities of the Company, you should carefully consider how the SEC and others might view your transaction in hindsight.

Insider Trading-Statement of Company Policy

Because insider trading liability represents a threat to both you and the Company, it expressly violates Company policy to engage in any activity that could be considered unlawful trading or "tipping" under securities laws, whether in the Company's securities or the securities of another corporation with information obtained in connection with your employment with or relationship to the Company. The Company has adopted this Policy Statement in order to avoid even the appearance of improper conduct on the part of anyone employed by or associated with it (not just so-called "insiders"). The Company, and its directors, officers and employees, have worked extremely hard to establish a reputation for honesty and integrity. The adoption and implementation of this Policy Statement is designed to maintain such reputation. Persons violating this Policy Statement will be subject to immediate dismissal from the Company for cause.

In view of the foregoing, it is the express policy of the Company that its directors, officers, employees and consultants must not purchase or sell securities of the Company (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1) or securities of any other publicly-traded company if the director, officer, employee or consultant has, or believes he, she or it may have, material non-public information relating to that company or any of its securities. A director, officer, employee and consultant also must not permit any member of his or her immediate family, any affiliate or anyone acting on his, her or its behalf, or anyone to whom he, she or it has disclosed material non-public information, to purchase or sell any of such securities. Even after information has been publicly disclosed through appropriate channels, directors, officers, employees and consultants should nonetheless allow a reasonable time to elapse (at least two full business days) before trading in such company's securities, in order to permit the public dissemination of such information. Any inquiries in this regard, including, without limitation, inquiries as to whether a company or other entity is a significant customer of the Company, should be directed to the Company's Chief Executive Officer.

As a result, it does not matter that an insider may have decided to engage in a transaction prior to his/her obtaining material non-public information or that by delaying the transaction he/she might incur significant economic loss. It is also irrelevant that previously disseminated public information concerning the Company might, independent of the material non-public information, provide the basis for engaging in the transaction. You (and your family members) simply may not purchase or sell any Company securities while in possession of material non-

public information about the Company. The only exception to this rule is that a director, officer or other employee may exercise stock options granted to him or her pursuant to stock option plans created by the Company; this exception does not, however, cover a subsequent sale of stock acquired upon the exercise of options.

It is also the express policy of the Company that any investing that you do in securities of the Company or of any company or other entity that has a significant relationship with the Company be on a "buy and hold" basis. Active trading, or short-term speculation, is improper and not permitted. It is also specifically against the policy of the Company for any director, officer or employee to (A) buy or sell any put or call option on or other right in respect of Company securities other than pursuant to the exercise of Company-issued employee stock options, if any; (B) to engage in any short sale of securities of the Company; or (C) to establish or use a margin account with any broker-dealer for the purpose of buying or selling securities of the Company.

In order to avoid even the appearance of impropriety, there are certain periods during which officers, directors and significant employees of the Company are not permitted to trade in (buy and/or sell) the Company's securities:

(a) the 15-day period prior to and two full business days following either the public release and dissemination of the Company's quarterly or year-end earnings and financial results or, if such earnings and financial results have not been otherwise previously publicly released or disseminated, the filing of quarterly (Form 10-QSB) or annual (Form 10-KSB) reports with the SEC;

(b) from the time the Company begins to consider (which generally will be when its Board of Directors contacts an underwriter or investment banker), and during the period that the Company is engaged in, a distribution of any of its securities and until such distribution has been completed; and

(c) during the period that any potentially material event (including, without limitation, acquisitions or dispositions of assets, mergers, unusual Company earnings) has occurred or is likely to occur and such information has not been adequately released and disseminated to the public (pursuant to a Form 8-K or otherwise) and two full business days subsequent to the public announcement of such material event.

Tender Offer Rules--Trading Restrictions

In the event that a tender or exchange offer is commenced for the Company's securities, Rule 14e-3 of the Securities Exchange Act of 1934 (the "Exchange Act") prohibits <u>any person</u> (whether or not he has a fiduciary duty to the Company) in possession of material non-public information from trading in the Company's securities subject to such offer (and any options, warrants and other rights to purchase such securities). In addition to officers, directors and employees, the prohibition expressly extends to any person who has received, directly or indirectly, such information from one of the above. In the event that a tender or exchange offer commences in respect of any Company securities, directors, officers, consultants and employees

and their families should not engage in any transactions involving the Company's securities without first consulting with the Company's Chief Executive Officer.

"Short Swing Profits"

The Company's directors, executive officers and holders of more than 10% of the outstanding shares of any class of its securities registered under Section 12 of the Exchange Act (the "Restricted Persons") are subject to Section 16(b) of that Act and the rules promulgated thereunder. Section 16(b) provides for disgorgements of profits by these persons in connection with sales and purchases of the Company's equity securities within a six-month period. The rules under Section 16(b) are very complicated and often are broadly construed. If you have any questions regarding its application, you should promptly discuss them with the Company's Chief Executive Officer and/or your legal counsel.

Under Section 16(a) of the Exchange Act, most changes in a Restricted Person's beneficial ownership of equity securities of the Company must be filed electronically with the SEC on Form 4 before the end of the second business day following the day on which a transaction resulting in a change of beneficial ownership is executed. In addition to purchases and sales, the two-day requirement applies to many transactions that formerly were reportable after the end of the Company's fiscal year on Form 5, including stock and option grants, restricted stock grants, and most other equity compensation transactions. A very limited number of transactions still will be reportable on Form 5 at the end of the year, including gifts, inheritances and certain purchases (which, when combined with other purchases in the preceding six months, amount to less than $10,000).

Any late or delinquent Form 4 filings by officers, directors and beneficial owners of more than ten (10%) percent of the Company's common stock are required to be reported in the Company's proxy statement in a separate captioned section, naming names. The SEC has been granted broad authority by the Sarbanes-Oxley Act of 2002 to seek "any equitable relief that may be appropriate or necessary for the benefit of investors" for violations of any of these (or any other) provisions of the securities laws. Consequently, it is important to both you and the Company that such filings are made on a timely basis. Again, if you have any questions concerning the application of Section 16(a), please promptly contact the Company's Chief Executive Officer or legal counsel.

Selective Disclosure - Statement of Company Policy

The Company's directors, officers, investor relations personnel, and other people with similar functions, are prohibited from selectively disclosing material non-public information to certain individuals, such as securities market professionals and holders of the issuer's securities, potential investors or anyone else that is not subject to a confidentiality agreement or other duty against disclosing such information.

Methods For Public Disclosure. If material non-public information needs to be disseminated, such information will be disseminated by the Company (when and as determined by it) through a press release that is reasonably designed to provide broad, non-exclusionary distribution of the information to the public. In other instances the Company may, in addition,

disseminate such information through a filing with the SEC on Form 8-K. The Company will publicly disseminate material non-public information before making or, under certain circumstances, simultaneously with making that information available to members of the investment community, such as analysts and institutional investors or holders of the Company's securities. If the Company makes disclosure through a Form 8-K, the Company will not make disclosure of the information to a select audience until after it confirms that the Form 8-K received a "filing date" on the SEC's EDGAR filing system that is no later than the date of the disclosure to the select audience.

Inadvertent Disclosures. Should a Company official, employee, consultant or director make an inadvertent disclosure of material, non-public information on a selective basis (e.g., during an analyst meeting or phone call with an analyst or investor that was not previously broadly disseminated), such person should immediately report that fact to appropriate officers of the Company so that the Company can seek to rectify the situation, as soon as reasonably practicable after it learns of such fact, by broadly disseminating that information.

Common Situations - Analyst Meetings and Conference Calls - Company Policies.

1. ***Meetings And Communications.*** The Company's officers, employees, consultants and directors should generally avoid meeting with analysts and portfolio managers on an individual or small group basis. Any response to analyst and investor calls must contain information that has been or will be simultaneously publicly disclosed, and under no circumstances shall any Company officer, employee, consultant or director disclose material, non-public information on a selective basis. Such persons should err on the side of caution in responding to analyst and investor inquiries in order to reduce the risk of disclosing material, non-public information on a selective basis to a third party.

2. ***Notice.*** In the event of a Company conference call with analysts and investors, the Company will reasonably prior to such call inform the public of the date and time of the conference call and how to participate in the call.

3. ***Broad Dissemination Of Information In Conference Calls.*** Statements made over the course of a conference call will be deemed broadly disseminated if the public is given (1) adequate notice of the call, including the topics to be discussed; and (2) means for accessing it.

4. ***Cautionary Statements Under The Private Securities Litigation Reform Act Of 1995.*** At the beginning of the conference call, a Company spokesperson introducing the call or the person actually conducting the call will make a statement that forward-looking information may be discussed during the course of the call and, if so, it will be identified as such with words such as "we expect," "we believe," "we predict," etc., and refer the audience to appropriate cautionary language or reference to cautionary statements contained in readily available (publicly released) documents.

5. ***Item 12 of Form 8-K.*** If the Company makes an earnings announcement or other disclosure of material non-public information regarding a completed fiscal year or quarter, the

Company must include the text of that announcement as an exhibit to a Form 8-K, which must be furnished to the SEC.

Disclosure-Designated Spokesperson. The rules governing the obligations of the Company to disclose (how, when and otherwise) certain events or developments relating to its operations and/or condition (financial or otherwise) are extremely complex. Moreover, the potential liability of the Company for erroneous, improper, selective and/or premature public disclosure can be severe. Accordingly, if you are contacted by any third party, particularly including members of the media, government officials or employees, securities analysts or any other investor or potential investor, it is the express policy of the Company that you make no disclosure or comment to such persons, other than to refer such person(s) to the Company's spokesperson(s) (as designated by the Board of Directors, from time to time), whom you shall identify as the proper spokesperson(s) for the Company in respect of such matters. Do not deny or confirm (or respond: "I don't know" to) any statement made by such person(s) or even offer a "no comment". Your failure to strictly comply with this policy could adversely affect the Company and result in your immediate dismissal.

Preserve Confidentiality

In light of the severe consequences of improperly disclosing material non-public information, you should take every reasonable step to preserve the confidentiality of such information. For example:

Do not discuss confidential matters in elevators, hallways, airplanes, taxicabs, restaurants or other public places where they can be overheard.

Do not gossip or engage in speculation concerning the Company and its securities (including mergers and acquisitions, and other extraordinary events).

Do not read confidential documents in public places or leave them where they can be viewed by others.

Do not carry confidential documents in an exposed manner when outside of the office.

Be cautious when conducting conversations on speaker phones and on cellular phones in public places, including cars and airplanes.

The above list is not exhaustive, but merely suggestive. Each director, officer and employee of the Company has the responsibility of taking whatever reasonable steps as are necessary in order to preserve the confidentiality of material non-public information in his/her possession.

Further Assistance

For further guidance or information about the foregoing policies, contact the Company's Chief Executive Officer. Also, should you become aware that any director, officer, employee or significant stockholder is violating, or is about to violate this Policy Statement, you must report it

immediately to such persons who have been designated by the Board of Directors, from time to time, to receive such reports, as posted on the Company's website.

Acknowledgement

Each director, officer, employee and consultant is required to acknowledge their understanding of and intended compliance with this Policy Statement by executing and dating this Statement where indicated below. Additionally, such persons will be required to reacknowledge such understanding and intended compliance on a regular basis in the future.

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(Signature of Director,
Officer, Employee or Consultant)

Dated: _____, 200_