



ARNO THERAPEUTICS

CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

(As adopted on August 11, 2008)

I. PURPOSE

The primary function of the Audit Committee (the “Committee”) of Arno Therapeutics, Inc. (the “Company”) is to provide oversight responsibilities by reviewing: the financial reports and other financial information provided by the Company to any governmental body or the public; the Company’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Company’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting process and internal control system.
- Coordinate, review and appraise the audit efforts of the Company’s independent auditors and management and, to the extent the Company has an internal auditing or similar department or persons performing the functions of such department (“internal auditing department” or “internal auditors”), the internal auditing department.
- Communicate directly with the independent auditors, the financial and senior management, the internal auditing department, and the Board of Directors regarding the matters related to the Committee’s responsibilities and duties.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

In carrying out its responsibilities, the Committee shall have the authority to consult with the Company’s outside legal counsel and other advisors or to engage independent advisors, including legal and financial advisors. The Company shall provide appropriate funding to pay for any independent advisors engaged by the Committee.

II. MEMBERSHIP

The Committee shall be comprised of three or more directors appointed by the Board, a majority of whom shall be independent as such standard is set forth under the federal securities laws, rules and regulations, as amended from time to time, and under the applicable rules of the Nasdaq Stock Market or any exchange on which the Company's shares are traded. No Committee member shall have participated in the preparation of the Company's financial statements at any time during the prior three fiscal years. Committee members shall serve until the next annual organizational meeting of the Board, or until their successors are duly elected and qualified. The Chair of the Committee shall be elected by the Board. In the absence of the election of a Chair by the Board, the members of the Committee shall elect a Chair by majority vote of the Committee membership.

All Committee members shall have a working familiarity with basic finance and accounting practices and shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement, at the time of their appointment to the Committee. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. At least one member of the Committee should, to the extent practicable, be an "audit committee financial expert," as such term is defined under the federal securities laws, rules and regulations as may be amended from time to time.

III. RESPONSIBILITIES AND DUTIES

(A) Documents/Reports Review

- Review and update this Charter periodically, at least annually, as conditions dictate, and make any recommendations to the entire Board regarding modifications to this Charter.
- Review the Company's annual financial statements and any reports or other financial information or estimates submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the independent auditors.
- Review the regular internal reports to management prepared by the internal auditing department and management's response to such reports.
- Review with financial management and the independent auditors any Form 10-Q or Form 10-K prior to its filing with the Securities and Exchange Commission ("SEC") or prior to the release of earnings.

(B) Independent Auditors

- Appoint, compensate and oversee the Company's independent auditors. The Company's independent auditors shall report directly to the Committee and the Committee will oversee the resolution of

disagreements between management and the independent auditors if they arise. On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships the independent auditors have with the Company to determine the independent auditors' independence.

- Review the performance of the independent auditors and discharge the independent auditors when circumstances warrant.
- Periodically consult with the independent auditors out of the presence of management regarding the adequacy of internal controls, the fullness and accuracy of the Company's financial statements, and such other matters as the Committee deems appropriate from time to time.
- Prior to approval by the Board, pre-approve all audit services and permissible non-audit services to be performed by the Company's independent auditors. Neither the Committee nor the Board shall approve, and the Company's independent auditors shall not provide to the Company, non-audit services as prohibited by applicable SEC regulations if such services are to be provided contemporaneously while serving as independent auditors of the Company.

(C) Audit Committee Report

- Prepare an annual Audit Committee Report to be presented to the Board. The Audit Committee Report shall include, at a minimum, the following representations:
 - (1) that the Committee has reviewed and discussed the audited financial statements with management;
 - (2) that the Committee has discussed with the independent auditors the matters required to be discussed by SAS 61, as may be modified or supplemented;
 - (3) that the Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), as may be modified or supplemented, and has discussed with the independent auditors the independent auditors' independence;
 - (4) that, based on the review and discussions referred to in paragraphs (1) through (3) of this item, the Committee recommends (or declines to recommend) to the Board of Directors that the audited

financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year for filing with the SEC; and

(5) that the individual Committee members, and the Committee in the aggregate, complies with the Committee independence requirements set forth under applicable regulations.

- The Audit Committee Report may include other information that the Committee deems appropriate. The Committee will prepare the Audit Committee Report with the understanding that its representations will be used by the Board and the Company to comply with Item 306 of Regulation S-K and Item 7(d)(3) of Schedule 14A as those regulations affect the Company.

(D) Risk Management

- Review activities, organizational structure and qualifications of the internal audit department.
- Ensure that the internal auditing department periodically reports (as deemed necessary) directly to the Committee. The Committee shall meet with key members of the internal auditing department at least annually, without management or others present, to discuss the adequacy of the internal audit function and results of such internal audit reviews.
- Inquire of management, internal auditors and external auditors about the adequacy of the Company's internal control procedures as a complete system, as well as the discovery of any individually material gaps and/or failures in the Company's internal control procedures.
- Meet periodically with those members of management responsible for Company risk assessment and risk management to understand and evaluate the Company's risk assessment and risk management efforts.
- Instruct the internal and external auditors, the principal executive officer and the principal financial officer that the Committee expects to be advised if there are areas of Company operation that, consistent with the Committee's purpose, require its special attention.

(E) Related-Party Transactions

- Review and approve all related-party transactions to which such person and the Company may be a party prior to their implementation to assess whether such transactions meet applicable legal requirements.

(F) Financial Reporting Processes

- In consultation with the independent auditors and the internal auditors, review the integrity of the Company's financial reporting processes, both internal and external.
- Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management or the internal auditing department.
- Consider the adequacy of the financial and accounting staff.

(G) Process Improvement

- Establish regular and separate systems of reporting to the Committee by each of management, the independent auditors and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
- Following completion of the annual audit, review separately with each of management, the independent auditors and the internal auditing department any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information or any significant disagreement among these groups in connection with the preparation of the financial statements.
- Review with the independent auditors, the internal auditing department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

(H) Ethical and Legal Compliance

- Review periodically the Company's Code of Ethics and Business Conduct and management's enforcement of the Code as it relates to the Company's financial reporting process and internal control system.
- Annually determine if such Code is accomplishing its stated purposes.
- Ensure that management has the proper review system in place to ensure that Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

- Review, with the Company’s counsel, any legal matter that could have a significant impact on the Company’s financial statements.
- Establish and maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters. At a minimum, these procedures shall allow employees to submit concerns regarding questionable accounting and auditing matters on a confidential, anonymous basis.
- Perform any other activities consistent with this Charter, the Company’s Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

IV. AUTHORITY

The Audit Committee shall have the authority as and when it shall determine to be necessary or appropriate to the functions of the Audit Committee, to, at the expense of the Company:

- (1) Appoint, discharge and authorize compensation of the Company’s independent auditors;
- (2) Retain and compensate such consultants and advisors, as it deems necessary, to assist it with its functions;
- (3) Require from the principal executive officer, the principal financial officer and such other members of Company management as the Committee shall deem appropriate advice and information, orally or in writing, concerning the Company’s business operations and financial condition relevant to the functions of the Committee; and
- (4) Incur ordinary administrative expenses that are necessary or appropriate in carrying out the Committee’s duties.

V. MEETINGS AND MINUTES

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management and the director of the internal auditing department in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee should meet with the independent auditors and management quarterly to review the Company’s financials consistent with Section III of this Charter.

The Audit Committee will maintain written minutes of its meeting. Such minutes will be provided to the Board of Directors, and filed with the minutes of the meetings of the Board of Directors.

VI. MANAGEMENT COOPERATION

Management of the Company shall cooperate with the Committee and render to the Committee such assistance as it shall request for the purpose of carrying out its functions.

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