



ARNO THERAPEUTICS

***CODE OF ETHICS
AND
BUSINESS CONDUCT***

August 11, 2008



To Our Employees, Officers and Directors:

Ethical business practices provide a critical foundation for our success and protect our reputation in the industry and community. Integrity in the manner in which we manage and operate Arno Therapeutics, Inc. (“Arno” or the “Company”) is a key element in our corporate culture. We place a high value on honesty, fair dealing and ethical business practice.

The following Code of Ethics and Business Conduct is designed to help you understand what Arno expects of its employees, officers and directors. It does not cover every ethical issue, but the basics are here to help your general understanding. For employees, compliance with this Code is a condition of employment. This Code supplements and does not replace or modify the Company’s other policies or procedures, including provisions of Arno’s current employee manual and other statements of policy or procedure issued from time to time.

Ethical behavior is everyone’s responsibility. You must show that responsibility by

- *Knowing and complying with the requirements and expectations that apply to your job, which include complying with this Code of Ethics and Business Conduct.*
- *Promptly reporting suspected violations of law or this Code.*
- *Cooperating with any investigation of a potential ethics or business conduct violation.*
- *Seeking assistance when you have questions about this Code or when faced with a challenging ethical situation.*
- *Never acting unethically, even if directed by another person to do so.*
- *Never retaliate against an individual because that individual has reported a suspected violation of this Code.*

If a potential course of action seems questionable, please seek guidance from your supervisor or Brian Lenz, our Chief Financial Officer, who also serves as our Compliance Officer. We encourage open communications regarding the possible violation of Arno’s ethical principles and business practices.

Arie S. Belldegrun
Chairman of the Board

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Compliance with Laws and Arno Code of Conduct

All Arno officers, employees and directors are expected and directed to comply with all laws and Arno's Code of Ethics and Business Conduct.

Each employee, officer and director has an obligation to behave according to ethical standards that comply with Arno's policy, and the letter and spirit of applicable laws, rules and regulations. It is everyone's responsibility to know and understand legal and policy requirements as they apply to his or her Company responsibilities.

Employees, officers and directors should promptly report all known or suspected violations of applicable law or Arno's ethical principles to his or her supervisor or to Brian Lenz, our Compliance Officer. Or, as an alternative, he or she may anonymously call our Compliance Hotline at 1-877-874-8416, which is hosted by an independent provider, to report suspected violations or incidents that he or she believes do not meet Arno's standards. Employees should call 1-877-874-8416 or send an email to: www.arnothera.silentwhistle.com to anonymously report known or suspected violations of applicable law or Arno's ethical principles on an anonymous basis.

Accuracy of Company Records

Each officer and employee must help maintain the integrity of Arno's financial and other records.

Management, directors, stockholders, creditors, governmental entities and others depend on Arno's business records for reliable and accurate information. Arno's books, records, accounts and financial statements must appropriately and accurately reflect Arno's transactions and conform to applicable legal requirements and Arno's system of internal controls. In particular, Arno is committed to full, fair, accurate, timely and understandable disclosure in all reports filed with the Securities and Exchange Commission (SEC) and in other public communications, and each person subject to this Code is required to provide truthful, complete and timely information in support of this commitment.

There is no excuse for participating in the creation of a deliberately false or misleading Arno record, or not reporting such conduct. In addition, an employee, officer or director must not destroy, alter, falsify or cover up documents with the intent to impede or obstruct any investigation of suspected wrongdoing.

Directors, officers and employees must not participate in any misstatement of Arno's accounts, and they must avoid improper influence on the conduct of an audit. No circumstances justify the maintenance of "off-the-books" accounts. All arrangements or requisition contracts under which funds are disbursed shall accurately state the purposes for which these funds are paid and shall not be misleading.

Business records and communications often become public and you are expected to avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of individuals or companies that could be misunderstood. This obligation applies in any communication, including, but not limited to e-mail, internal memoranda and formal reports. Records are expected to be retained or destroyed according to Arno's record retention policies. In the event of litigation or governmental investigation you are expected to consult Arno's legal counsel concerning the records you hold.

Securities Trading Policies

Never trade securities on the basis of confidential information acquired in the course of your Arno duties or while you are at the workplace.

There are times when employees, officers or directors possess information about the Company, or about a company with which Arno does business, that is not known to the investing public. Such insider information may relate to, among other things, strategies, plans of Arno, new products or processes, mergers, acquisitions or dispositions of businesses or securities, problems facing the Company, sales, profitability, negotiations relating to significant contracts or business relationships, significant litigation or financial information.

If any information is of the type that a reasonable investor would consider important in reaching an investment decision, the Company employee, officer or director who possesses such information must not buy or sell Company securities, nor provide the information to others, until such information becomes public. Use of material, non-public information in the above manner is not only unethical, but also illegal. Employees who directly or indirectly involve themselves in illegal insider trading will be subject to immediate termination by the Company, and an individual convicted of insider trading may face criminal penalties.

All employees, officers and directors must also read, become familiar with and comply with the Company's Policy on Avoidance of Insider Trading provided separately from this Code of Ethics and Business Conduct.

An employee, officer or director who is unsure how the law applies in a given instance, should seek guidance before he or she trades. All questions should be referred to our Compliance Officer.

Contact with Government Officials

Arno complies with all applicable laws, rules and regulations relating to lobbying or attempting to influence government officials.

Bribery, kickbacks or other improper or illegal payments have no place in Arno's business. In addition, information provided to governments must be accurate and interactions with government officials must be honest and ethical. All activities that might constitute lobbying or attempts to influence government officials must first be reviewed with and approved by legal counsel.

Before doing business with foreign, national, state or local government, an employee or officer must know the applicable rules. An employee who is in doubt must not make the mistake of interpreting the rules by him or herself. Such an employee must discuss the matter with his or her supervisor or other management of the Company.

Conflicts of Interest

Each employee, officer and director must avoid any situation in which his or her personal interests conflict with or interfere with Arno's interests.

Each employee and officer owes Arno a duty of loyalty. Employees and officers must make business decisions solely in the best interests of Arno. Conflicts may arise when an employee or officer receives improper personal benefits as a result of the person's position with the Company or gains personal enrichment through access to confidential information. A conflict situation can also arise when an employee or officer takes actions or has interests that may make it difficult to perform his or her Arno work objectively and effectively. For that reason, all employees and officers must exercise great care not to allow their personal interests to potentially conflict with Arno's interests. Each employee, officer and director shall act with honesty and integrity, avoiding actual or apparent conflicts of interest between personal and professional relationships.

Arno employees are generally free to engage in outside activities of their choice. It is important, however, that such activities do not adversely affect Arno's business, involve misuse of Arno position or resources, divert for

personal gain any business opportunity from which Arno may profit, or constitute a potential source of discredit to the Arno name. The following is a non-exhaustive list of examples of prohibited conflicts of interest for employees and officers of Arno:

- Consulting with or employment in any capacity with a competitor, supplier or customer of Arno.
- Having a substantial equity, debt, or other financial interest in any competitor, supplier or customer.
- Having a financial interest in any transaction involving the purchase or sale by Arno of any product, material, equipment, services or property.
- Misusing Arno's confidential or proprietary information, including the unauthorized disclosure or use of such information.
- Using materials, equipment or other assets of Arno for any unauthorized or undisclosed purpose.
- Receiving loans or guarantees of obligations from the Company without Board of Director authorization.

Directors also owe Arno a duty of loyalty. The duty of loyalty mandates that the best interests of the Company and its stockholders takes precedence over any interest possessed by a director not shared by the stockholders generally. In the event that a conflict (or the appearance of a conflict) arises or is anticipated, directors must bring the matter to the attention of the Chairman of the Board.

Related-Person Transactions

A "Related Person" is defined as:

- a director, executive officer or a nominee to become a director of the Company;
- a significant stockholder known by the Company to be the beneficial owner of more than 5% of any class of the Company's voting securities;
- an immediate family member of a director or officer of the Company (which includes any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-

in-law, brother-in-law or sister-in-law of such person, and any person sharing the household of such person); or

- an affiliate (which includes a firm, corporation or other entity in which any of the foregoing persons is an executive, partner or principal or similar control position or in which such person has a 5% or greater beneficial ownership interest).

A "Related-Person Transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company and any Related Person are, were or will be participants in which the amount involved exceeds \$120,000, and includes any transaction requiring disclosure under Item 404 of Regulation S-K under the Securities and Exchange Act of 1934, as amended. Transactions involving compensation for services provided to the Company as an employee or director shall not be considered Related-Person Transactions under this policy.

Each director and executive officer shall identify any Related-Person Transaction involving such director or executive officer, or his or her "affiliates" and "immediate family members" and seek approval from the Audit Committee before engaging in such a transaction. Any proposed transaction that has been identified as a Related-Person Transaction may be consummated or materially amended only following approval by the Audit Committee. In the event that it is inappropriate for the Audit Committee to review the transaction for reasons of conflict of interest or otherwise, after taking into account possible recusals by Committee members, then the Related-Person Transaction shall be approved by another independent body of the Board of Directors. The approving body shall be referred to as the "Committee."

Any Related-Person Transaction, if not a Related-Person Transaction when originally consummated, or if not initially identified as a Related-Person Transaction prior to consummation, shall be submitted to the Committee for review and ratification as soon as reasonably practicable. The Committee shall consider whether to ratify and continue, amend and ratify, or terminate or rescind such Related-Person Transaction.

In the event that the Company proposes to enter into, or materially amend, a Related-Person Transaction, management of the Company shall present such Related-Person Transaction to the Committee for review, consideration and approval or ratification. The presentation shall include, to the extent reasonably available, a description of (i) all of the parties thereto, (ii) the interests, direct or indirect, of any Related Person in the transaction in

sufficient detail so as to enable the Committee to fully assess such interests, (iii) a description of the purpose of the transaction, (iv) all of the material facts of the proposed Related-Person Transaction, including the proposed aggregate value of such transaction, or, in the case of indebtedness, that amount of principal that would be involved, (v) the benefits to the Company of the proposed Related-Person Transaction, (vi) if applicable, the availability of other sources of comparable products or services, (vii) an assessment of whether the proposed Related-Person Transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally, and (viii) management's recommendation with respect to the proposed Related-Person Transaction. In addition to the information identified above, the presentation shall include a description of the extent of work performed and remaining to be performed in connection with the transaction and an assessment of the potential risks and costs of termination of the transaction, and where appropriate, the possibility of modification of the transaction.

The Committee, in approving or rejecting the proposed Related-Person Transaction, shall consider all the relevant facts and circumstances deemed relevant by and available to the Committee, including, but not limited to (i) the risks, costs and benefits to the Company, (ii) the impact on a director's independence in the event the Related Person is a director, immediate family member of a director or an entity with which a director is affiliated, (iii) the terms of the transaction, (iv) the availability of other sources for comparable services or products, and (v) the terms available to or from, as the case may be, unrelated third parties or to or from employees generally. The Committee shall approve only those Related-Party Transactions that, in light of known circumstances, are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee determines in the good faith exercise of its discretion.

Political Contributions and Related Policies

Generally, Arno's funds or resources may not be used to make a political contribution to any political candidate or political party.

Exceptions to this basic policy are allowed only where such contributions are permitted by law and permission is granted in advance by the Company's Board of Directors. Company policy does not permit the use of any Company facilities or resources by employees for political campaigning, political fundraising or partisan political purposes. A decision by an employee to contribute any personal time, money or other resources to a political campaign or political activity must be totally voluntary.

Gifts and Entertainment

Arno's policy is not to offer or accept kickbacks or bribes, or gifts of substantial value.

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. Subject to the exceptions below with respect to healthcare professionals, the exchange, as a normal business courtesy, of meals or entertainment (such as tickets to a sporting event or the theatre or a round of golf) is a common and acceptable practice as long as it is not extravagant. Unless express permission is received from a supervisor, the Compliance Officer or the Governance/Nominating Committee, gifts and entertainment cannot be offered, provided or accepted by any employee, officer or director unless consistent with customary business practices and not (i) excessive in value, (ii) in cash, (iii) susceptible of being construed as a bribe or kickback, (iv) made or received on a regular or frequent basis, or (v) in violation of any applicable laws or regulations. This policy applies to the Company's transactions everywhere in the world, even where the practice is widely considered "a way of doing business." Employees, officers, and directors should not accept gifts or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties. The Company's customers, suppliers and the public at large should know that the judgment of our employees, officers, and directors is not for sale.

Any gifts or entertainment provided to healthcare professionals (defined as physicians and other individuals who have the ability to influence the prescribing decision) shall comply with the PhRMA Code on Interactions with Healthcare Professionals. Gifts to healthcare professionals shall not be in cash or cash equivalents or of a personal benefit to such healthcare professional. Meals with healthcare professionals are permissible if (i) occasional, (ii) modest as judged by local standards, and (iii) occur in a venue and manner conducive to informational communication and provide scientific or educational value. Dine & dash programs are not appropriate. Items primarily for the benefits of patients may be offered to healthcare professionals if they are not of substantial value (\$100 or less). Items of minimal value (\$25 or less) may be offered to healthcare professionals if they are primarily associated with a healthcare professional's practice (such as pens, notepads and similar items with a company logo).

Questions about the appropriateness of any proposed entertainment or gift should be addressed to the Compliance Officer.

Company Opportunities

Do not use a Company opportunity for personal gain.

Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Employees, officers and directors are prohibited (without the specific consent of the Board of Directors or an appropriate committee thereof) from (1) taking for themselves personally opportunities that are discovered through the use of Company property, information or their position, (2) using Company property, information or their position for personal gain, or (3) competing with the Company directly or indirectly.

Intellectual Property and Confidential Information

Arno invests substantial resources in developing proprietary intellectual property and confidential information.

Confidential information is information that is not generally known or readily available to others. It includes non-public information that might be of value to competitors if it were disclosed. It must not be shared with others outside Arno except pursuant to approved business relationships where the disclosure is subject to obligations of confidentiality by the other party or when required by law. Confidential information includes, but is not limited to, intellectual property and trade secrets, business plans and information, marketing and sales programs and information, scientific data, technical information, financial information, and any other information which the Company deems confidential.

Every Arno employee, officer and director is obligated to protect the Company's confidential information as well as that of its collaborators, customers, suppliers and third parties who disclose information to Arno in confidence. Arno employees, officers and directors must not accept confidential information from a third party, including competitors, unless specifically authorized to do so by an authorized supervisor or officer of the Company and following an appropriate grant of rights from such third party.

Protection and Proper Use of Company Assets

Our stockholders trust us to manage Company assets appropriately.

Collectively, employees, officers and directors have a responsibility for safeguarding and making proper and efficient use of the Company's assets. Each of us has an obligation to prevent the Company's property from loss,

damage, misuse, theft, embezzlement or destruction. We seek to ensure that the Company equipment, supplies and other assets are used for legitimate business purposes unless otherwise specifically authorized, and to protect all tangible and intangible Company property.

Fair Dealing with Competitors, Collaborators, Customers and Suppliers

Respect the rights of competitors, collaborators, customers and suppliers.

Arno's success depends on building productive relationships with our collaborators, customers and suppliers based on integrity, ethical behavior and mutual trust.

The Company bases its relationships with collaborators and suppliers on fundamental concepts of integrity, fairness, and mutual respect.

Arno strives to outperform its competition fairly and honestly. Arno seeks and develops competitive advantages through superior performance, not through unethical or illegal business practice. Each Company employee, officer and director should endeavor to deal fairly with the Company's customers, collaborators, suppliers and competitors. No one should take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair dealing.

Personal Behavior in the Workplace

Arno is committed to providing equal opportunity in employment and will not tolerate illegal discrimination or harassment.

Arno strives to enhance and support the diversity of its employee group. All are expected to deal with each other in an atmosphere of trust and respect in a manner consistent with Arno's core values. Please refer to applicable portions of our Employee Manual for guidance related to personal behavior in the workplace.

Public Disclosure of Code and Waivers

The existence and content of this Code of Ethics and Business Conduct will be disclosed to stockholders and may be available on the Company's website. It is expected that waivers of this Code rarely, if ever, would be acceptable. Any waiver of a provision of this Code for executive officers or

directors may be granted only by the Board of Directors, with only the independent members voting, or an appropriate Board Committee consisting of independent directors, and such waiver must be promptly disclosed to stockholders.

Accountability for Adherence to this Code

Each employee, officer and director must accept responsibility for adherence to this Code. Violations of this Code may lead to serious sanctions including, for an employee, discipline up to and including immediate termination, in the sole discretion of the Company. The Company may, in addition, seek civil recourse against an employee, officer or director and/or refer alleged criminal misconduct to law enforcement agencies.

Reporting Any Suspected Illegal or Unethical Behavior

Arno maintains an open door policy and an anonymous telephone hotline for employees to raise concerns and to encourage the reporting of suspected violations of law or this Code of Ethics and Business Conduct without fear of retribution or retaliation.

If you have questions about an ethical situation, you are encouraged to talk with your supervisor or with our Compliance Officer about any behavior you believe may be illegal or unethical. You will be assured confidentiality, to the limit of the law. If you do not feel it is appropriate to discuss the issue with these persons, Arno has established a Compliance Hotline so that you can report concerns or potential violations anonymously (see below). Anonymous callers should supply detailed information to address the concern.

Please refer to our Whistleblower Policy for reporting procedures when questions or potential violations arise that are not related to Arno's financial and accounting practices.

It is against the Company's policy to retaliate against any employee, officer or director for good faith reporting of violation of this Code. If you feel you have been retaliated against for raising your good faith reporting, you should immediately contact your supervisor, our Compliance Officer or the Compliance Hotline.

COMPLIANCE HOTLINE

We have established and maintain a Compliance Hotline, hosted by an independent provider, for our employees to anonymously report suspected violations or incidents that he or she believes do not meet Arno's standards. Employees should call 1-877-874-8416, or send an email to www.arnothera.silentwhistle.com to anonymously report known or suspected violations of applicable law or Arno's ethical principles on an anonymous basis.

Coordination with Other Arno Policies

The provisions of this Code of Ethics and Business Conduct are in addition to, and do not modify, replace or supersede, Arno's other policies or procedures including, but not limited to, those policies and procedures set forth in Arno's Employee Manual and Arno's other statements of policy or procedure, whether written or oral.

Additionally, this Code is not intended to be and does not constitute a contract of employment between Arno and its employees. If you are an employee and do not have an Employment Agreement with Arno, you are an employee at-will. This means that you have the option of resigning from your employment at any time, for any reason or no reason, with or without prior notice. Conversely, Arno has same option to terminate your employment at any time, for any reason or no reason, with or without prior notice.

Monitoring

Arno will periodically reaffirm its commitment to compliance with this Code of Ethics and Business Conduct.

Arno intends to conduct periodic training sessions regarding this Code. In addition, Arno will periodically distribute copies of this Code and the Certification of Compliance card to each employee, officer and director to remind such persons of the contents of this Code as well as to reestablish their commitment to compliance with it.