



Ore Pharmaceuticals Inc.

CODE OF ETHICS AND BUSINESS CONDUCT

FOR

DIRECTORS, OFFICERS AND EMPLOYEES

Adopted by Action of the Board of Directors 4/24/04

Subsequently Amended by the Board of Directors 10/21/04

To the officers, Board of Directors and employees of Ore Pharmaceuticals and its subsidiaries:

Introduction:

We believe our officers, Directors and employees are properly motivated and ethical and want to do the right thing. However, we believe that a written code of ethics and business conduct can provide guidance when questions arise and reinforce our best intentions. We also believe that a unifying set of values as expressed in this Code provides a backdrop for day-to-day decisions and a rationale underlying policies, guidelines and company decisions.

We are also aware of the need to promote public confidence in our organization, especially in light of the recent corporate scandals. A published ethical standard at Ore Pharmaceuticals will formally document our values and provide our stockholders and others with insight into how we guide our conduct.

This Code of Ethics and Business Conduct provides general guidance; it does not cover every issue that may arise. Instead, it sets out basic values and principles that apply to our directors, officers, and employees. We also expect that others acting as our agents and representatives, including consultants, will comply with the terms of this Code. We have also issued various policies and guidelines on specific issues which are on the Company's intranet through Talent Express. Those specific policies and guidelines are not part of, but supplement the general guidance given herein and we also expect everyone to comply with such policies and guidelines.

We ask and require that all of our personnel comply with this Code and avoid not only actual violations, but even the appearance of improper behavior. Anyone who violates the standards in this Code will be subject to disciplinary action up to and including termination. If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines and seek help as described under the heading "Compliance" in this Code.

We trust and expect that everyone subject to this Code will help us meet the standards and comply with the principles stated in this Code.

Mark D. Gessler
Chairman and Chief Executive Officer

Date: _____, 2004

Code of Conduct

A Statement of Ore Pharmaceuticals Core Values

Ore Pharmaceuticals Pride

We take great pride in our mission to be the most innovative drug development partner to the industry. Our ultimate goal is to improve human health. We will do so by committing to these values:

- **Performance**—Results matter at Ore Pharmaceuticals. We will excel in all we do. Our constant aim is to create optimal value for our customers and shareholders.
- **Respect**—We will respect and treat fairly all those that we encounter in our business dealings: our teammates, our clients, our suppliers, our investors, and our communities.
- **Innovation**—We will work to find, create and develop the improvements in technology and business processes that will advance the way health products are created, and thus differentiate ourselves from our competitors.
- **Diligence**—Simply put, we value initiative, hard work and attention to detail. We expect every member of our team to take the actions needed to ensure and improve the quality of our products and services, to correct what might be wrong, and to build the competencies and capabilities needed to ensure our success.
- **Ethics**—We will adhere to the highest ethical standards in our dealings.

SPECIFIC POLICIES AND GUIDELINES

The following are specific guidelines which all officers, Directors and employees of Ore Pharmaceuticals Inc. and its subsidiaries are required to comply with. References herein to “Company”, “we” or the equivalent refer to Ore Pharmaceuticals Inc. and its subsidiaries. References herein to “you” or the equivalent refer to directors, officers and employees of the Company.

1. STRICTLY COMPLY WITH APPLICABLE LAWS, RULES AND REGULATIONS

a. Obey the Law

Compliance with law, both in letter and in spirit, is the foundation of this Company’s ethical standards. All personnel must respect and obey the laws and regulations of the places where we do business. The Company and its personnel are subject to all applicable governmental laws, rules, and regulations, including those of the U.S. Securities and Exchange Commission (SEC). Although not all personnel are expected to know the details of all of these laws, it is important for each employee to know enough about the laws and regulations affecting such employee’s area of responsibility to determine when to seek advice from supervisors or other appropriate personnel. Compliance with the law does not, however, comprise our entire ethical responsibility. Rather, it is a minimum, absolutely essential condition for performance of our duties.

b. Do Not Engage in Insider Trading

Personnel who have access to confidential information are not permitted to use or share that information for any purpose other than the conduct of our business. Both federal law and Company policy prohibit our directors, officers and employees, directly or indirectly through their families or others, from purchasing or selling our stock while in possession of material, non-public information about the Company. This same prohibition also applies to trading in the stock of other public companies on the

basis of material, non-public information that you acquire in the course of your employment with us or that others acquire in the course of their employment and pass along to you.

Material, non-public information is any information that could reasonably be expected to affect the price of a stock. All non-public information about the Company should be considered confidential. If a director, officer or employee is considering buying or selling stock in whole or in part on the basis of inside information, such information should be considered material as well.

Two simple rules provide invaluable guidance and protection in this area—

- Don't ever use non-public information for personal gain; and
- Do not pass along non-public information to anyone who does not need the information to do his or her job.

For more information, please consult the specific guidelines on Insider Trading available through Talent Express.

c. Enable Prompt, Accurate, Fair and Complete Public Disclosure

As a public company, it is our policy to ensure that the information in our public communications, including SEC filings and stockholders communications, is full, fair, timely, accurate, and understandable. All personnel involved in the Company's disclosure process are responsible for furthering and supporting this policy. Our Chief Executive Officer, Chief Financial Officer and General Counsel are particularly charged with maintaining familiarity with the disclosure requirements applicable to our company, and any other officer, director or employee who has a role in our disclosure process is obligated to discharge his or her obligations diligently and to advise the individual's supervisor or other appropriate personnel when the individual believes disclosure may be required.

It is also a violation of this Code and unlawful to take any action to fraudulently influence, coerce, manipulate or mislead any independent accountant performing an audit of the Company's financial statements for the purpose of rendering such financial statements materially misleading.

The securities laws are vigorously enforced. Violations may result in severe penalties including significant fines against the Company. There may also be sanctions against individual employees, including substantial fines and prison sentences.

Our Chief Executive Officer and Chief Financial Officer are required to certify the accuracy of reports filed with the SEC in accordance with the Sarbanes-Oxley Act of 2002. Officers who knowingly or willfully make false certifications may be subject to criminal penalties or sanctions, including fines and imprisonment.

d. Comply with All Prohibitions on and Limitations of Gifts and Payments to Government Officials

Various laws restrict the exchange of gifts and gratuities. The federal Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is our Company policy strictly to prohibit any illegal payments to government officials of any country. In addition, there are a number of laws and regulations restricting and prohibiting gifts meals or other gratuities to U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a meal, gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Company's General Counsel can provide guidance to you in this area to avoid any unintentional problem.

2. SAFEGUARD COMPANY RESOURCES

a. Protect Confidential and Proprietary Information

In carrying out the Company's business, directors, officers, and employees often learn confidential information about the Company, its customers and prospective customers, suppliers and prospective suppliers, competitors and others. Company personnel must maintain the confidentiality of all information entrusted to them, except where disclosure is properly authorized or legally required.

Confidential information includes all non-public information concerning the Company, including its inventions, processes, business, plans, prospects, and financial results and condition. Confidential Information also includes any non-public information provided by a customer, supplier or other third party with the expectation that such information would be kept confidential and used only for the business purpose for which it was provided. The obligation to preserve confidential information continues even after employment ends.

The obligation of personnel and Directors to protect the Company's resources includes the obligation to protect its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information, and any unpublished financial or business data. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

Company personnel are also subject to additional obligations under the Company's Proprietary Information and Inventions Agreement signed by each employee and under any other applicable agreement with the Company relating to confidential and proprietary information.

b. Preserve Corporate Opportunities

Our directors, officers, and employees owe a duty to advance Ore Pharmaceuticals's legitimate business interests as and when the opportunity arises. Therefore, Company personnel and Directors are prohibited from taking for themselves personally (or directing to a third party), business opportunities that are discovered through the use of corporate property, information, or position without the express, prior, written consent of the Chief Executive Officer, Chief Financial Officer or, in the case of any officer receiving a benefit, the Board of Directors.

Sometimes the line between personal and Company benefit is difficult to draw and both personal and Company benefits may be derived from certain activities. Given these ambiguities, our personnel should ensure that *any* use of Company property or information that is not solely for the benefit of the Company be approved in advance by more senior management, the Audit Committee or the Board of Directors.

c. Conserve and Protect Company Assets

Personal use of Company property must always be in accordance with corporate policy. Proper use of Company property, information resources, materials, facilities, and equipment is your responsibility. Use and maintain these assets with the utmost care and respect, guarding against waste and abuse, and never borrow or remove Company property without the appropriate supervisor's permission. Animals used in our research should be treated humanely and with appropriate care, consistent with applicable laws and industry standards.

d. Promote a Positive, Open Work Environment

All employees deserve a workplace where they feel respected, satisfied, and appreciated. We respect cultural diversity and will not tolerate harassment or discrimination of any kind—especially involving race, color, religion, gender, age, national origin, disability, and veteran or marital status. Providing an environment that supports honesty, integrity, respect, trust, responsibility, and citizenship permits us the opportunity to achieve excellence in our workplace. While everyone who works for the Company must contribute to the creation and maintenance of such an environment, our management personnel assume special responsibility for fostering a work environment that is free from the fear of retribution and will bring out the best in each of us. Supervisors are expected to use care and forethought in words and conduct to avoid placing, or seeming to place, pressure on subordinates that could cause them to deviate from acceptable ethical behavior.

3. MAINTAIN ACCURATE AND COMPLETE BUSINESS AND FINANCIAL RECORDS

a. Records Should be Accurate and Complete

We must maintain honest and accurate business and financial records in order to make responsible business decisions and to comply with our obligations under various laws, rules, and regulations to which we are subject. For example if you are permitted to use a business expense account, it must be documented and recorded accurately. If you are not sure whether a particular expense is legitimate, ask your supervisor.

All of the Company's books, records, accounts, and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, and must conform both to applicable legal requirements and to the Company's system of internal controls. Transactions should always be fully and fairly characterized and recorded; under no circumstances should records of transactions, once made and approved in accordance with our internal procedures, be altered.

b. Be Careful about what you Write or Say

Business records and communications that you believe to be confidential may nonetheless become public. Therefore, we should exercise care and good sense in our writings and should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people or companies. This applies equally to written communications, including e-mail, internal memos, and formal reports.

c. Retain and Destroy Records Properly

Records should always be retained or destroyed according to any Company's record retention policies in effect. In accordance with those policies, in the event of litigation or a governmental investigation, immediately halt *any* destruction of potentially related documents, including e-mails, and immediately consult the Company's General Counsel.

4. AVOID CONFLICTS OF INTEREST

Our directors, officers, and employees have an obligation to give their complete loyalty to the best interests of the Company. Our personnel should avoid any action that may involve, or that even may appear to involve, a conflict of interest with the Company. A "conflict of interest" exists when a person's private interest interferes in any way with the interests of the Company. A conflict situation can arise when a director, officer or employee, takes actions or has interests that may make it more difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or any member of his or her family, receives personal benefits as a result of his or her position in the Company.

Our personnel should not have any financial or other business relationships with suppliers, customers, or competitors that could impair, or even could appear to impair, the independence of any judgment they

may need to make on behalf of the Company. Conflicts of interest may arise in many different ways and may take on many different forms, so you should always be looking for them. However, here are some of the ways a conflict of interest could arise:

- Employment by a competitor, or potential competitor, no matter what the nature or extent of the employment, while employed by us.
- Acceptance of gifts, payments, or services from anyone seeking to do business with us.
- Placement of business with a firm owned or controlled by any of our directors, officers, or employees or a family member of any of them.
- Ownership of, or substantial interest in, a competitor, customer, or supplier.
- Acting as a consultant to a customer or supplier (or, of course, a competitor).

Conflicts of interests may not always be clear-cut, so if you have a question, you should consult with higher levels of management or the Company's General Counsel. Any director, officer or employee who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described under the heading "Compliance" later in this Code. Disclosure of any potential conflict is the key to full compliance with this policy.

5. COMPETE FAIRLY AND ETHICALLY FOR BUSINESS OPPORTUNITIES

a. No Unfair Advantage

We seek success by competing fairly and honestly. We seek advantage through superior performance and not through unethical or illegal business practices. Acquiring or using confidential, proprietary information, possessing or using trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies, or any other form of industrial espionage is prohibited. Our personnel should respect the rights of and deal fairly with the Company's customers, suppliers, and competitors. It is impermissible to take unfair business advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other intentional, unfair, or unethical practice.

b. Business Entertainment, Gifts and Gratuities

The purpose of business entertainment and gifts is to create goodwill and foster sound, productive working relationships, not to gain unfair advantage or to benefit the individual at the expense of the company. The sale and marketing of our products should always be free from even the perception that favorable treatment was sought, received, or given in exchange for the furnishing or receipt of business courtesies. Our officers, directors, and employees will neither give nor accept business courtesies that constitute, or could reasonably be perceived to constitute, unfair business inducements, bribes or kickbacks, violate any law, regulation, or policy of the Company, or could cause embarrassment to or reflect negatively on the Company's reputation.

COMPLIANCE

You should feel free to talk to supervisors or other appropriate personnel about observed behavior that you believe may violate this Code or otherwise be illegal or unethical and about the best course of action in a particular situation. It is the Company's policy not to allow retaliation for reports of misconduct made in good faith by our personnel. This policy is also mandated by the Sarbanes-Oxley Act of 2002, which requires protection of whistleblowers.

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it may be difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a process for addressing each situation. These are the principles and steps to keep in mind:

- Make sure you have all the facts. To reach informed, principled conclusions, we must be as fully informed as possible. Circumstances that seem to be in violation may be perfectly proper when all the facts are known. Don't leap to conclusions or assume guilt, but report circumstances that require investigation.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper and why, in particular, does it make me feel uncomfortable? This will enable you to focus on the specific question(s) facing you, and the available alternatives. Use your good judgment and common sense. If something makes you uncomfortable because it seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem, keeping in mind the tenets of confidentiality and respect for others set forth in this Code.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems. In the rare case where it may not be appropriate to discuss an issue with your immediate supervisor, or where you do not feel comfortable approaching your immediate supervisor with your question, you may discuss it with our General Counsel or contact the Audit Committee.
- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.
- Familiarize yourself with our Whistleblower Policy. This Policy provides protection against retaliation for those employees who raise concerns in good faith regarding accounting, auditing matters, the reporting of fraudulent financial information and other matters in an effort to ensure open and effective lines of communication.
- If you become aware of an action or failure to take action that you believe is or will result in a violation of this Code, you must report such action or failure to act either to your immediate supervisor, the General Counsel or the Audit Committee pursuant to our Whistleblower Policy.

In the event of any conflict between this code and applicable law, the law controls. In the event of any conflict between this code and other policies of the Company, this Code shall control.

BOARD OVERSIGHT; WAIVERS

Any waiver of this Code for the Chief Executive Officer or any senior financial officer may be made only by our Board of Directors and for any other employees may be made only by the Chief Executive Officer in consultation with the General Counsel. In addition, if granted, any waiver with respect to the Chief Executive Officer or any senior financial officer or to any other persons with respect to whom disclosure of such a waiver is required by applicable rules and regulations, will be disclosed as required by law or the rules of NASDAQ. Such disclosure will be made by means of a posting on our website or in such other manner as may be required by law or the rules of NASDAQ.

ENFORCEMENT; DISCIPLINARY MEASURES

The Company will consistently enforce this Code of Ethics and Business Conduct through appropriate disciplinary means. Potential violations of the Code will be reported promptly to the Company's General Counsel (or in his absence or when otherwise appropriate, to the Chief Financial Officer of the Company), who will investigate and determine if a violation of the Code has occurred. If it is determined that a violation has occurred, that will be reported to the appropriate officer or officers responsible for the individuals responsible for the violation and such officer or officers shall take appropriate disciplinary action. All violations which could be material to the company shall be reported to the Audit Committee, normally at the committee's next meeting after the determination has been made that a violation has occurred.

If it appears that a possible violation has occurred which involves an executive officer or member of the Board of Directors of the Company, the matter will be reported to the Audit Committee of the Board which will determine if a violation has occurred and, if so, will determine the disciplinary measures to be taken against any such individual who has violated the Code.

Disciplinary measures, which may be invoked at the discretion of the officer or Audit Committee include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, termination of employment and restitution.

Persons subject to disciplinary measures include, in addition to each actual violator, others involved in the wrongdoing such as:

- individuals who fail to use reasonable care to detect a violation or who fail to report a known violation;
- individuals who, if requested to divulge information, withhold material information regarding a violation; and
- supervisors who approve, condone or cover up violations or attempt to retaliate against those reporting violations or violators.

Amendment

This Code may be amended from time to time by the Board of Directors or any committee of the Board to which such authority may properly be delegated. Any amendments will be disclosed in such manner as may be required by applicable law or the rules of NASDAQ, including, if applicable, by posting such information on the Company's website.