



Code of Conduct

ARYX THERAPEUTICS CODE OF CONDUCT INTRODUCTION

It is ARYx Therapeutics' ("**ARYx**") policy to conduct business with integrity and to follow ethical and legal business practices worldwide. This policy applies to all employees, directors, and consultants of ARYx and its subsidiaries. It is our policy that all employees adhere to this Code of Conduct and its principles. Every employee is responsible for his or her own personal conduct. We have established the position of Compliance Officer to oversee this program. If you have questions or concerns, please direct them to your manager or the Compliance Officer as outlined below.

1. Respect for others.

Employees should be treated with respect, by ARYx and by each other. We should conduct ourselves professionally. We are committed to providing a work environment that is free from discrimination and/or harassment. We do not tolerate discrimination against applicants or employees based on race, religion, gender, age, marital status, national origin, sexual orientation, citizenship status or disability. We will not tolerate the use of discriminatory slurs; unwelcome, unsolicited sexual advances or harassment; or any other remarks, jokes or conduct that create or foster an offensive or hostile work environment.

2. Compliance with Laws, Rules and Regulations.

Employees must respect and obey the laws of the cities, states and countries in which we operate. Although employees are not expected to know the details of all laws, it is important to know enough to determine when to seek advice from managers or other appropriate people and we expect employees to understand the legal and regulatory requirements applicable to their business unit and area of responsibility. Disregard of the law will not be tolerated.

In addition, many of our activities are governed by federal and state antitrust and trade regulation statutes. There are many types of activities that may be violations of federal and state antitrust laws, and taking actions, or inducing others to take actions, that violate such laws are strictly forbidden. If you are unsure as to whether a particular action may be in violation of such laws, please consult with your manager or the Compliance Officer. Violation of domestic or foreign laws, rules and regulations may subject you, as well as ARYx, to civil and/or criminal penalties.

3. Accurate Financial Records.

Our financial records must be accurate and complete in all material respects. They must be in compliance with applicable laws and accounting practices, without exception. The accounting department is responsible for preparing and reporting ARYx's financial results, but those financial statements are the result of activities, transactions, entries and documents prepared throughout ARYx by many people. Employees must make sure all such supporting transactions and documents are complete, accurate, and truthful.

Our accounting records are relied upon to produce reports for our management, stockholders and creditors, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that are filed with the SEC. These reports must provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations in all material respects. No employee may take or authorize any action that would cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations or take any action to fraudulently induce, coerce, manipulate or mislead the accounting department or our auditors. No employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) information necessary to make the disclosure in any of our statements and reports accurate.

Any person who becomes aware of any departure from these standards has a responsibility to report his or her knowledge

promptly to their manager or to the Compliance Officer.

4. Insider Trading (as a public company).

All material non-public information about ARYx or our customers should be considered confidential, and employees who have access to such information should use it only for legitimate company business. The use of any material non-public information to buy stock, or "tip" others, is unethical and illegal. Employees must exercise the utmost care when handling material inside information.

Prior to going public, we will adopt a separate Insider Trading Policy to which you will be bound. You should consult the Insider Trading Policy for more specific information on the definition of "material non-public information" and on buying and selling our securities or securities of companies with which we do business.

5. Health and Safety.

We strive to provide a safe and healthy work environment. Each employee has the responsibility for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted. Employees should not report to work under any form of intoxication. Employees should also use common sense security practices such as not allowing strangers into ARYx buildings unattended and reporting suspicious behavior.

6. Competition and Fair Dealing.

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, and not through unethical or illegal business practices. Each employee should endeavor to respect the rights of and deal fairly with our customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-deal practice.

7. Avoid Conflicts of Interest.

A "conflict of interest" exists when a person's private interest interferes in any way with the interests of ARYx. Conflicts of interest may arise when an employee, or a member of his or her family, receives improper personal benefits as a result of his or her position within ARYx. A conflict can also arise when an employee takes actions or has interests that make it difficult to perform his or her work objectively and effectively.

Conflicts of interest are prohibited, unless specially approved by the Compliance Officer. If you have any questions about a potential conflict or if you become aware of an actual or potential conflict, and you are not an officer or director of ARYx, you should discuss the matter with your manager or the Compliance Officer. Managers may not authorize conflict of interest matters or make determinations as to whether a problematic conflict of interest exists without first seeking the approval of the Compliance Officer and providing the Compliance Officer with a description of the activity. If the manager is involved in the potential or actual conflict, you should discuss the matter directly with the Compliance Officer. Any transaction or situation involving an executive officer or director also requires the authorization of the Audit Committee and/or the Board of Directors. In addition, all loans and guarantees by ARYx must be approved in advance by the Audit Committee and/or the Board of Directors.

8. Gifts and Entertainment.

Providing gifts to, or receiving gifts from, an existing or potential customer, supplier or competitor may be construed as an attempt to influence the performance of duties or to favor certain individuals or companies. However, appropriate business entertainment in connection with legitimate business discussions or development of business relationships is generally allowable. It is generally acceptable for an employee to provide or accept a meal or outing with vendors or customers if there is a valid business purpose and if the cost is not extravagant and is within ARYx's policies.

The US 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 strictly prohibited to make any payments to government officials of any country.

Gifts and entertainment cannot be offered, provided or accepted by any employee if those gifts are (a) excessive in value, (b) in cash, (c) susceptible of being construed as a bribe or kickback or (d) in violation of any laws. This principle applies to our transactions everywhere in the world, even where the practice is widely considered "a way of doing business" and it applies to relationships with customers, government officials, vendors and other parties. Any gift that could create an obligation to the

donor or recipient, or influence the business relationship with the donor or recipient, should not be accepted or offered. We seek to avoid even the appearance of impropriety which may arise as a result of gifts, payments, consulting fees, loans, travel or other benefits of value received directly or indirectly by you or your family from any existing or potential customer, supplier or competitor. Discuss with your manager or the Compliance Officer any proposed entertainment or gifts if you are uncertain about their appropriateness.

9. Corporate Opportunities.

You may not take personal advantage of opportunities for ARYx that are presented to you or discovered by you as a result of your position with ARYx or through your use of corporate property or information, unless authorized by your manager, the Compliance Officer or the Audit Committee and/or the Board of Directors. Even opportunities that are acquired privately by you may be questionable if they are related to our existing or proposed lines of business. You may not use your position with ARYx or corporate property or information for improper personal gain, nor should you compete with ARYx in any way.

10. Confidential Information.

Much of the information we use is confidential, privileged, and proprietary. All ARYx emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated to individuals outside of ARYx, except where required for company-related business. Competitive information must be gathered with care, and not be gained in ways that are unethical or illegal. You must exercise the utmost care when dealing with confidential information, and not disclose such information to individuals or companies outside ARYx unless ARYx and those entities have signed a mutual non-disclosure agreement. In the course of serving our customers, you may also learn confidential or proprietary information about them and it is equally important that you guard against the disclosure of our their confidential information to others.

11. Export Regulations.

No ARYx products should be exported to a location outside of the United States in violation of U.S. export regulations. ARYx products should not be shipped to a location with the knowledge that those products have a final destination not allowed by U.S. export regulations. **Software and technology should not be released to non-U.S. nationals unless such release is authorized under the U.S. export regulations.**

12. Use of Company Assets and Technological Resources.

All employees are expected to protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. Our property, such as office supplies, computer equipment, buildings and products, are expected to be used only for legitimate business purposes, although incidental personal use may be permitted.

It is also important that you take necessary measures to ensure the security of information on your company computer. Do not include sensitive or confidential information in messages that are widely distributed or sent outside ARYx. If you have reason to believe that your password or the security of a company computer has been compromised, change your password immediately and report the incident to your manager and system administrator.

All e-mail, voicemail and personal files stored on ARYx computers are ARYx's property and you should have no expectation of privacy in connection with those resources. The uses of computer resources are consistent with all other ARYx policies, including those relating to sexual harassment. You are prohibited from using ARYx's computer resources to transmit, display or store, obscene or sexually explicit material. Your use of ARYx resources could reflect poorly on ARYx, damage our reputation, and expose you personally and ARYx to legal liability.

13. International Business Laws

Our employees are expected to comply with the applicable laws in all countries to which they travel, in which they operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that, in some countries, certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, we expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S.

As mentioned above, the Foreign Corrupt Practices Act prohibits directly or indirectly giving anything of value to officials for foreign governments or foreign political candidates in order to obtain or retain business. Making any payments to such persons is strictly prohibited. The Foreign Corrupt Practices Act also requires the maintenance of accurate books of account, with all transactions being properly recorded. U.S. embargoes restrict or, in some cases, prohibit us from doing business with certain other countries identified on a list that changes periodically (including, for example, Angola (partial), Burma (partial), Cuba, Iran, North Korea, Sudan and Syria) or specific companies or individuals. If you are contacted by a company or person in a

country on the list, you must contact the Compliance Officer immediately.

Antiboycott restrictions prohibit us from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott that is fostered or imposed by a foreign country against a country friendly to the U.S. or against any U.S. person. If a customer or vendor requests information about our dealings with specific countries or requests that we agree not to do business with one or more countries, you must immediately contact the Compliance Officer.

14. Approvals or Waivers.

Any approval of conduct as contemplated under this code or any waiver of provisions of this code requires approval of the Compliance Officer. With respect to executive officers, any such approval or waiver must be authorized by our Board of Directors or a committee of the Board, to the extent permitted by applicable regulatory and Nasdaq rules, and will be disclosed to stockholders as required by applicable laws, rules and regulations.

15. Compliance with The Code of Conduct.

We have established the position of Compliance Officer to oversee this program, and to whom you can address any questions or concerns. The ARYx Compliance Officer is our Vice President, Corporate Affairs, and can be reached at (510) 585-2200. The Compliance Officer is responsible for investigating possible violations of the Code, training persons within ARYx of Code policies, updating the Code as needed, and promoting an atmosphere of responsible and ethical conduct.

If you encounter a situation or are considering a course of action and its appropriateness is unclear, discuss the matter promptly with your manager or the Compliance Officer, even the appearance of impropriety can be very damaging and should be avoided.

If you are aware of any violations of this Code, you have a responsibility to report those violations, and should do so without fear of retaliation. We will take disciplinary action against any person in the organization that retaliates against you. If we determine that any person is responsible for a Code violation, he or she will be subject to disciplinary action up to, and including, termination of employment.

Your immediate resource for any matter related to the Code is your manager. For those instances where you prefer not to go to your manager, discuss your concern with any ARYx Officer or the Compliance Officer. Managers must promptly report any complaints or observations of Code violations to the Compliance Officer. If you believe your manager has not taken appropriate action, you should contact the Compliance Officer directly. The Compliance Officer will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Neither you nor your manager may conduct any preliminary investigation, unless authorized to do so by the Compliance Officer. As needed, the Compliance Officer will consult with legal counsel, the Human Resources department and/or the Audit Committee of the Board of Directors. It is our policy to employ a fair process by which to determine violations of the Code.

With respect to any complaints or observations of Code violations that may involve accounting, internal accounting controls and auditing concerns, the Compliance Officer shall promptly inform the chair of the Audit Committee. The Audit Committee, or such other persons as the Audit Committee determines to be appropriate under the circumstances, shall be responsible for supervising and overseeing the inquiry and any investigation that is undertaken. If your concern relates to questionable accounting or auditing matters or any matter involving the Compliance Officer, you may report that violation directly to any member of the Audit Committee. Such reports may be made anonymously if you so choose.

In summary, it is ARYx's intention and policy to conduct its business with integrity and to rely on our employees and partners to follow appropriate ethical and legal business practices as we build a world-class global company.