



FURIEX PHARMACEUTICALS, INC. CODE OF CONDUCT

Commitment to Ethical Behavior.

Furiex Pharmaceuticals, Inc. and its subsidiaries (“Furiex”) are committed to ethical and lawful behavior and seek to ensure that our standards of ethics are not compromised and that we do not violate laws and regulations in the name of profit. Furiex’s reputation depends upon the integrity and ability of its directors and employees. In addition to complying with all applicable laws, all Furiex directors and employees are expected to observe high standards of business and personal ethics in discharging their duties and responsibilities. This requires honesty and integrity in every aspect of dealing with other Furiex employees, the public, the business community, stockholders, development or commercialization partners, customers, suppliers and governmental authorities.

Furiex has formalized its commitment to ethical behavior by adopting this code of conduct to ensure lawful and ethical behavior on the part of its directors and employees.

Compliance with Laws and Regulations.

It is Furiex’s policy to observe and comply with all laws and regulations applicable to it and the conduct of its business. We expect our directors and employees to do the same. If you become aware of any conflict of laws, you should inform our corporate compliance liaison, Nadine Chien, immediately at (301) 795-2606 or nadine.chien@furiex.com.

These legal and regulatory requirements are the beginning point for what is expected of Furiex directors and employees. We must make sure that in our dealings with fellow directors and employees and with development partners, customers, suppliers and government officials we make the right ethical and legal decisions. It is your responsibility to become familiar with the compliance policies and procedures applicable to your job and position.

An explanation of some of the key laws with which Furiex must comply can be found in our employee handbook. As explained below, you should always consult your manager or the corporate compliance liaison with any questions about the legality of your or your colleagues’ conduct.

Director and Employee Responsibility.

It is the personal responsibility of each director and employee of Furiex to adhere to applicable law, this code of conduct and all other company policies and codes of behavior in carrying out his or her duties and responsibilities and to conduct himself or herself accordingly. Each director and employee must avoid any activities that are illegal or would involve Furiex in any practice that is illegal or not in compliance with this code of conduct or any other company policy or code of behavior. Any director or employee who does not adhere to these standards and

restrictions is acting outside the scope of his or her office or employment, and might be subject to disciplinary action.

We understand that not every situation is black and white, but you should avoid activities that may call into question Furiex's reputation or integrity. The key to compliance is exercising good judgment. This means following the spirit of this code of conduct and applicable law, doing the "right" thing and acting ethically even when this code or the law or any other company code or policy is not specific. When you are faced with a business situation where you must determine the right thing to do, you should ask yourself the following questions:

- Am I following the spirit, as well as the letter, of any law or Furiex policy?
- What would my family, friends or neighbors think of my actions?
- Will there be any direct or indirect negative consequences for Furiex?
- Would I want my actions reported in the media?

No director or employee should be misguided by any sense of loyalty to Furiex or a desire for profitability that might cause him or her to disobey any applicable law, this code of conduct or any other company policy or code of behavior. In addition to the specific practices and conduct that are prohibited under this code of conduct, each director and employee of Furiex should avoid even the appearance of improper behavior.

Reporting Suspected Violations.

Every director and employee has a responsibility to report any suspected violations of this code of conduct or any other company policy or code of behavior or of any violation of law or ethical principles that occur within our company. Every director and employee may make such reports without fear of retaliation, and should refer to our policy (discussed herein) prohibiting retaliation for various actions. In most cases, employees should discuss a possible violation with their immediate supervisor, and directors should discuss a possible violation with the corporate compliance liaison or the Chairman of the Nominating and Governance Committee of the Board of Directors. However, if you believe that your concerns cannot be addressed in this manner, you may report suspected violations of Furiex's Code of Conduct or its Code of Ethics for the Principal Executive Officer and Senior Financial Officers (referenced in this code of conduct). At your option, you may identify yourself or remain anonymous. The Ethics hotline is handled by an independent service and all calls will be treated confidentially and, if requested, anonymously. Where we have a separate policy that provides for reporting of suspected violation of that policy, you may follow the reporting procedures in that policy or in this code of conduct.

Conflicts of Interest.

Furiex expects loyalty from all of its directors and employees. A conflict of interest occurs when a director or employee allows personal interests to interfere with his or her responsibility to our company. You must act to benefit our company and avoid any situation that actually or potentially benefits you at Furiex's expense. Following are examples of possible conflicts of interest:

- (1) Any ownership interest (other than a nominal amount) in, or financial arrangement with, any development or commercialization partner, customer, supplier or competitor;

- (2) Any consulting or employment relationship with any development or commercialization partner, customer, supplier or competitor;
- (3) Any outside business activity that detracts from your ability to devote appropriate time and attention to your responsibilities to Furiex;
- (4) Any outside business activity competitive with Furiex's business;
- (5) Receipt by you or your "immediate family" (as defined in our employee handbook) of gifts or gratuities (other than an occasional inexpensive item) or excessive entertainment from any company with which we have current or prospective business dealings;
- (6) Any involvement in any outside employment activity which is so substantial that it calls into question your commitment to your employment with Furiex;
- (7) Any personal relationship (involving "immediate family" as defined in our employee handbook) between an employee and his or her immediate supervisor without the approval of the human resources department;
- (8) Selling anything to Furiex or buying anything from Furiex (other than at arm's length and/or on terms available to unrelated third parties); and
- (9) Use of any non-public or proprietary information learned in the course of service or employment for personal investment or gain or the personal investment or gain of any other person or party, including "immediate family" members.

If you are aware of any transaction or relationship that reasonably could be expected to give rise to a conflict of interest (whether the possible conflict involves you or another director or employee covered by this code of conduct), or are unsure whether a situation poses a conflict of interest, you should immediately inform in writing both the legal department and your immediate supervisor, the corporate compliance liaison or the Chairman of the Nominating and Governance Committee. Your notice should provide as much detail as possible. Review of the situation in advance can protect you and our company from any appearance of self-dealing.

Actual or potential conflicts of interest will be referred to the Nominating and Governance Committee. The Nominating and Governance Committee will review all referrals and determine if a conflict of interest exists, and may grant waivers of such conflicts of interest for any non-executive officer employee; provided, however, that any potential conflict of interest pertaining to accounting, internal control or auditing ("Accounting and Auditing Matters") shall be referred by the Nominating and Governance Committee to the Audit Committee for review and approval. The Board of Directors may grant a waiver of a conflict of interest for a director or executive officer or an officer covered by the code of ethics (see "Code of Ethics for the Principal Executive Officer and Senior Financial Officers" below).

In lieu of the reporting procedure outlined above, directors and employees may elect to report a suspected conflict of interest involving another director, officer or employee of Furiex, through the Furiex Ethics hotline. The report will be referred by the Ethics hotline to the Nominating and Governance Committee. The Ethics hotline number is made available to all Furiex employees.

Public Disclosure.

It is of paramount importance to Furiex that all disclosure in public communications made by Furiex and in reports and documents that Furiex files with, or submits to, the Securities and Exchange Commission (the “SEC”) is full, fair, accurate, timely and understandable. Each director and employee must take all steps available to assist Furiex in these responsibilities consistent with your role within our company. In particular, you are required to provide prompt and accurate answers to all inquiries made to you in connection with our company’s preparation of its public reports and disclosures.

Confidential Information.

All employees of Furiex are required to sign a proprietary information and inventions agreement when they begin working for our company. By signing the agreement, employees agree to use our company’s proprietary information (trade secrets, financial information, etc.) only in the course of their work and to keep all proprietary information confidential both while working for Furiex and after leaving employment with Furiex. In addition, Furiex signs confidentiality agreements with potential development partners in which Furiex agrees that its employees will keep information disclosed by the potential development partners in confidence.

All information provided to directors is to be treated confidentially unless you are told otherwise.

Employees and directors must not discuss confidential information with anyone, including another Furiex employee or director, who is not authorized to receive such information, and you should take great care in discussing such information in a manner or location in which it could be inadvertently disclosed to others.

Securities Laws and Insider Trading.

Both the law and Furiex policy prohibit individuals in possession of material information relating to our company or one of our development partners that has not been disclosed to the general public from receiving a benefit from such information. All directors and employees must abide by Furiex’s insider trading policy. A copy of the policy is distributed to new directors upon joining the Board and to new employees at orientation, and is available from the human resources department and is on our company’s intranet. The policy applies to any person who has knowledge of material, nonpublic information about Furiex and to those persons, such as relatives or friends, who receive such information from a person who possesses the information. If you are unsure about whether the purchase or sale of Furiex stock or a development partner’s stock would violate the insider trading policy, you should call the corporate compliance liaison or Don Reynolds of our outside counsel, Wyrick Robbins Yates & Ponton LLP at (919) 781-4000, before buying or selling the stock.

Personal Use of Company Resources.

You should endeavor to protect Furiex’s assets and ensure their proper use.

Furiex assets, both tangible and intangible, are to be used only for legitimate business purposes of our company and only by directors and authorized employees or consultants. Intangible assets include intellectual property such as:

- trade secrets, patents, trademarks and copyrights;
- development, business and marketing plans;
- clinical and other trial protocols and results;
- scientific, engineering and manufacturing processes, designs and databases;
- company records;
- salary information;
- unpublished scientific information; and
- any unpublished financial data and reports.

Unauthorized alteration, destruction, use, disclosure or distribution of Furiex assets violates our company policy and this code of conduct. Theft or waste of, or carelessness in using, these assets would have an adverse impact on Furiex's operations and profitability and will not be tolerated.

Furiex provides electronic and telephonic communication systems, computers, copiers and other office equipment for business purposes, and all information residing on the communications systems is company-owned. Occasional personal use of this equipment for reasonable purposes is permitted; however, we reserve the right to suspend or revoke these privileges at any time. Furiex monitors the use of its resources to ensure that they are being used properly and in accordance with company policy.

We reserve the right to search any property, personal or otherwise, on company premises at any time with or without consent when it has a reasonable belief that a violation of our company's policies or procedures has occurred.

Gifts and Entertainment.

Furiex directors and employees are not to make or accept any gift that reasonably gives the appearance of an improper business relationship. This policy does not apply to occasional gifts of nominal value such as a T-shirt, coffee cup, calendar, fruit basket or an occasional meal. Common sense and discretion should be your guide. In business, it is understandable that meals and entertainment are exchanged between Furiex and its customers and suppliers, and these types of activities are acceptable when there is a clear business purpose and when conducted within the bounds of good taste. However, excessive entertainment of any kind is prohibited. When appropriate, payment for meals and other forms of entertainment should be conducted on a reciprocal basis. If you have questions about such gifts, contact the legal department.

There are special rules that govern gifts and business courtesies made in connection with the promotion of Furiex's products. These rules may be found in our employee handbook.

Employees and directors are strictly forbidden from making or offering to make any payment or gift to a government official where such payments are illegal.

If you have questions about gifts and entertainment, contact the legal department.

Political Contributions.

Furiex encourages all directors and employees to vote and to participate individually in the political process. However, under federal law and some state laws (including North Carolina), Furiex is prohibited from making any political contributions. Accordingly, Furiex

directors and employees cannot use company funds, telephones, postage, stationery or offices to support a candidate for public office.

Purchasing.

All purchases made by Furiex will be made on the basis of price, quality and service. All suppliers will be dealt with fairly, honestly and openly. You should not do anything that could imply selection of a supplier on any basis other than the best interest of our company or which could give one supplier an improper advantage over another.

Record-Keeping.

It is crucial that Furiex maintains accurate books and records of its financial performance, tax payments, payroll, expense reports, legal issues, reports to government agencies and customer files.

Employees and directors who travel are required to complete expense reports as provided by Furiex's travel policy. The policy is available on the intranet and accessible by all employees. Failure to maintain accurate records is against Furiex's policy and might be illegal.

Code of Ethics for Principal Executive Officer and Senior Financial Officers.

The Principal Executive Officer (PEO) and the Chief Financial Officer (CFO), Chief Accounting Officer (CAO), Controller or persons performing similar functions (each a "Senior Financial Officer") must act with honesty, integrity and in good faith to create and promote accurate, complete and timely financial information. Furiex has a separate code of ethics for these officers, which is publicly available and posted on the intranet and accessible by all employees. Suspected violations of the Code of Ethics for the Principal Executive Officer and Senior Financial Officers should be reported to Furiex's Ethics hotline.

Human Resources.

Furiex is an equal opportunity employer. Furiex hires, trains and promotes all employees without regard to age, disability, genetic information, national origin, pregnancy, race/color, religion, sex and/or veteran's status. A copy of Furiex's Equal Employment Opportunity Policy is in the employee handbook.

Furiex is a "drug-free" workplace. This means that the company expects and requires all directors and employees to perform their duties without impairment caused by drug or alcohol abuse.

Furiex is committed to prohibiting practices that are not consistent with a positive work environment, such as harassment based upon age, disability, genetic information, national origin, pregnancy, race/color, religion, and/or veteran's status and particularly including sexual harassment, whether of a verbal or physical nature. Furiex's harassment policy is included in the employee handbook. Any employee who feels that he or she has been a victim of any form of harassment has an obligation to report the situation to his or her immediate supervisor or human resources representative as stated in the employee handbook. Furiex encourages employees to report harassment in accordance with its policy and strictly prohibits retaliation against any employee making such a report in good faith.

Media.

Pursuant to Furiex's media policy, any inquiry from the media relating to Furiex should be immediately directed to the marketing and communications department. Any inquiry from the media concerning a financial matter or relating to a specific project and any inquiry from an investor or potential investor should be directed to the investor relations department. Directors and employees should never respond on their own to questions from the media, but should politely inform the caller of Furiex's policy. A copy of Furiex's media policy is available on the intranet and accessible by all employees.

Anti-Retaliation.

Furiex policy prohibits a director or employee from taking retaliatory action against an employee who lawfully and in good faith reports suspected crimes, reports a violation of law or company policies or procedures to appropriate personnel, or provides information or assist in investigations of possible violations of law. A copy of this policy is available on the intranet and accessible by all employees.

Investigation of Suspected Violations.

If Furiex receives information regarding a possible violation of this code of conduct, the person or persons authorized by the Nominating and Governance Committee to investigate alleged violations of this code of conduct shall initiate an inquiry or investigation with respect thereto, and report the results of such inquiry or investigation to the Nominating and Governance Committee for action, including disciplinary action. The Nominating and Governance Committee will report such inquiry or investigation and the action taken by it to the Board of Directors; provided, however, that suspected violations pertaining to Accounting and Auditing Matters shall be investigated by the Audit Committee in the same manner as described above.

The Nominating and Governance Committee will consider changes to this code of conduct necessary or desirable to prevent further similar violations and make recommendations to the Board of Directors if appropriate.

Furiex may disclose the results of investigations to law enforcement or regulatory agencies.

Disciplinary Actions.

Furiex shall consistently enforce this code of conduct with appropriate discipline. The Nominating and Governance Committee shall determine whether violations of this code of conduct have occurred and, if so, shall determine the disciplinary measures to be taken against any non-executive officer employee of Furiex who has violated this code of conduct. The Nominating and Governance Committee also shall make recommendations to the Board of Directors for disciplinary measures to be taken against any director or executive officer for violations of this code of conduct. The disciplinary measures might include counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary or compensation, and termination of service or employment; provided, however, that disciplinary measures pertaining to Accounting and Auditing Matters shall be determined and acted upon by the Audit Committee in the same manner as described above.

Persons subject to disciplinary measures may include, in addition to the violator, others involved in the wrongdoing such as (a) persons who fail to use reasonable care to detect a

violation, (b) persons who if requested to divulge information withhold material information regarding a violation, and (c) supervisors who approve or condone the violation or attempt to retaliate against employees or others for reporting violations or violators.

Waivers.

The Nominating and Governance Committee may grant a waiver of any provision of this code of conduct for non-executive officer employees. Only the Board of Directors may grant a waiver for a director, executive officer or any officer covered by the company's code of ethics. A request for waiver must be submitted in writing and provide sufficient details to allow an informed decision to be made. Any waiver for a director or executive officer, if granted, must be recorded in the minutes of the Board of Directors and a separate written authorization of the waiver must be prepared and executed by the person requesting the waiver; provided, however, that waivers of provisions of this code of conduct pertaining to Accounting and Auditing Matters shall be granted by the Audit Committee in the same manner as described above.

The Board of Directors shall review the status of all waivers for directors and executive officers on a periodic basis to determine compliance with the terms of the waiver and the advisability of continuing the waiver.

Any waiver granted to an executive officer or director of Furiex must be publicly disclosed in the manner required by law or regulation.

Amendments.

Only the Board of Directors may amend this code of conduct. Any amendment must be publicly disclosed if and in the manner required by law.

Questions.

After you have reviewed this code of conduct, you may have questions. Your immediate supervisor should be able to answer most of your questions about the standard operating procedures that you are required to follow and provide you with complete copies of the applicable policies and procedures. If you have a question that you cannot ask your immediate supervisor or that your supervisor cannot answer, you may contact Furiex's corporate compliance liaison.

Adopted by the Board of Directors effective March 17, 2010.

Amended on July XX, 2010.