SOUTHWESTERN NEWS

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NEW DALLAS BIOTECH FIRM THE RESULT OF UNIQUE PUBLIC-PRIVATE PARTNERSHIP

DALLAS – Sept. 16, 2003 – Research pioneered at UT Southwestern Medical Center at Dallas has led to the formation of Reata Discovery Inc., a Dallas biopharmaceutical company with $5.2 million in start-up financing and statewide and international business partnerships.

Reata, created by an unusual public-private partnership, is different in that its drugs in development are further along in the Food and Drug Administration's approval process than most start-up firms' compounds, and it possesses platform technologies aimed at discovering news drugs to treat both cancer and neurodegenerative disorders such as Alzheimer's disease, Parkinson's disease, and amyotrophic lateral sclerosis. In contrast, most biotechnology startups stake their survival on one discovery or technology. Two of Reata's lead compounds are positioned to enter human testing in 2004.

"This is exciting news for UT Southwestern, but it's more exciting for the city of Dallas and the biotech industry in Dallas-Fort Worth," said Dr. Dennis K. Stone, vice president for technology development at UT Southwestern.

The public-private partnership is the result of a three-year effort by many individuals to assemble top-tier technologies into a company that is both broad and focused – broad in the sense that there are seven sets of technologies, each of which could be an entity unto itself; focused in that the technologies can be advanced through a single management platform, Dr. Stone said.

Discoveries from UT Southwestern, as well as partnerships with UT M.D. Anderson Cancer Center in Houston and several Asian companies, are at the heart of the company's technologies.

"Reata is the result of a lot of work by individuals committed to developing world-class therapeutics in Texas," said Warren Huff, chief executive officer. "In Reata, we have

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combined clinical candidates, drug discovery platforms and the support of renowned scientists from leading Texas research institutions. Few Texas-based biotechnology companies have been formed to exploit this deep base of biological innovation."

Reata's founding scientists include: Dr. Jef Karel DeBrabander, assistant professor of biochemistry at UT Southwestern; Dr. Jonathan M. Graff, associate professor in the Center for Developmental Biology and of molecular biology at UT Southwestern; Dr. Waldemar Priebe, professor of medicinal chemistry at UT M.D. Anderson; Dr. Thomas Südhof, professor of molecular genetics and director of the Center for Basic Neuroscience at UT Southwestern; Dr. Philip J. Thomas, associate professor of physiology at UT Southwestern; and Dr. Jerry W. Shay, professor of cell biology at UT Southwestern.

Reata is developing four new classes of low molecular weight compounds discovered by its founding scientists. Each addresses a major unmet clinical need. And, while the Reata compounds include a mix of conventional and novel mechanisms of action, Reata has focused only on compounds that are highly specific and potent for a known target. In this way, Reata's lead projects have avoided the high cost and long process of obtaining compounds to test in advanced *in vivo* models and toxicology studies.

Reata also features a unique small-molecule discovery program focused on identifying new drugs useful in the treatment of neurological diseases, including Alzheimer's and Parkinson's. These diseases are now believed to be caused by a specific subset of toxic, improperly folded proteins. Although protein misfolding is now a topic of great interest in the research community, drug discovery efforts based on this insight have suffered from a lack of relevant assays. Reata founders have discovered a novel, proprietary assay technology that enables the efficient discovery of small-molecule drugs that rescue the critical proteins from misfolding.

The company will be based in Dallas, but the M.D. Anderson Cancer Center in Houston plays a very important part in the company's program, Dr. Stone said. Cooperation between

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scientists, clinicians and administrators at the two institutes to advance these technologies is another distinguishing characteristic of the company. In addition, Reata has a partnership in place with ScinoPharm of Taiwan and cooperation with Asian institutions to execute the chemical processes needed to manufacture and further develop the drug compounds.

Reata's Series A financing of $1.6 million was led by STARTech Early Ventures, a Texas-based business accelerator focused on assisting early-stage technology companies, including life science startups. Its Series B financing of $3.6 million was led by Ojai-Goliad partners James Bass and Peter Moody Brooks.

"The STARTech team, the founding scientists, Warren Huff, James Bass, Peter Brooks and the Office for Technology Development at UT Southwestern have worked shoulder-to-shoulder to create a company that emerges with highly advanced technologies, proven management and sophisticated investors who have provided substantial financing," Dr. Stone said.

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