

1.7.2010 - Reata Pharmaceuticals Licenses CKD Drug to Kyowa Hakko Kirin for Asian Markets

Reata Pharmaceuticals Licenses Chronic Kidney Disease Drug
Bardoxolone Methyl to Kyowa Hakko Kirin
\$272 Million Deal for Asian Territories

IRVING, TX and Tokyo, Japan -- January 7, 2010 -- Reata Pharmaceuticals, Inc. (Reata) and Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) announced today that they have entered into a licensing agreement that provides Kyowa Hakko Kirin with the exclusive rights to develop and commercialize Reata's lead compound, bardoxolone methyl (bardoxolone), in Japan and other selected Asian markets. Under the terms of the agreement, Reata is eligible to receive up to \$272 million in up-front fees and milestone payments, in addition to double-digit royalties.

Bardoxolone activates the Nrf2 gene, which controls the production of over 250 antioxidant and detoxification proteins. Activation of Nrf2 protects tissues by increasing cellular antioxidant content and suppressing inflammatory signaling pathways. It is now known that chronic "metabolic inflammation" promotes Type 2 diabetes and its complications, including cardiovascular disease and chronic kidney disease (CKD).

In two Phase 2 trials, bardoxolone significantly improved renal function in Type 2 diabetic patients with advanced CKD. Ninety percent of patients in these studies experienced an increase in estimated glomerular filtration rate (GFR) from baseline. Significant improvements were also seen in other markers of renal function, glycemic control, and cardiovascular disease. The observed increases in GFR suggest that bardoxolone may be able to delay or prevent the initiation of dialysis in diabetic patients. On the basis of the Phase 2 studies, Reata has initiated a first pivotal study of bardoxolone in diabetic patients with advanced CKD.

"We are looking forward to collaborating with Kyowa Hakko Kirin to bring bardoxolone to market for the millions of Asian patients who have CKD and face dialysis without effective treatment options," commented Warren Huff, CEO of Reata. "Kyowa Hakko Kirin is the clear leader in the renal field in the licensed markets, with an extensive product pipeline and strong sales forces in the field. They bring to this collaboration a proven track record of developing, marketing, and selling innovative renal therapies as well as a sophisticated understanding of the novel pharmacology of bardoxolone."

Under the terms of the agreement, Kyowa Hakko Kirin will have the exclusive rights to develop, market, and sell bardoxolone for CKD and related indications in Japan, China, Taiwan, Korea, and Southeast Asian countries. Reata retains the rights to develop and commercialize bardoxolone in all other territories, including the United States, Europe, Latin America, and Asian markets not licensed to Kyowa Hakko Kirin. Reata will receive \$132 million in development milestones, including an up-front payment of \$35 million. Reata will also be entitled to receive up to \$140 million in sales milestones as well as escalating double-digit royalties from Kyowa Hakko Kirin sales in the licensed territories.

"We are very excited by the medical and commercial opportunity presented by bardoxolone in CKD and related diseases," commented Ken Yamazumi, Ph.D., COO of Kyowa Hakko Kirin. "The renal field is one of three strategic focuses of the company. CKD is a large and rapidly growing problem in Japan and the rest of Asia, and the Phase 2 data with bardoxolone suggests for the first time that a drug may be able to arrest or reverse progression of the disease. We are looking forward to the opportunity to deliver the benefit of this novel medicine to patients in Asia through this partnership with Reata."

About Chronic Kidney Disease

CKD is a highly prevalent and rapidly growing condition throughout the world. The National Kidney Foundation estimates 26 million Americans are affected by CKD, of whom 355,000 depend on dialysis for survival. In Japan, an estimated 20% of the adult population have moderate to severe CKD, and this number is growing rapidly. There is a significant unmet need for new therapies to treat CKD, as current options are only able to modestly slow the progression of the disease.

About Reata

Reata is the leader in discovering and developing novel anti-inflammatory drugs targeting Nrf2, which controls the body's production of antioxidant and detoxification enzymes and has been shown to protect against a broad range of diseases associated with inflammation and oxidative stress. Reata is developing a portfolio of AIMs for a variety of inflammation-related diseases, including renal/cardiovascular diseases, respiratory diseases (COPD), CNS diseases, cancer, and autoimmune diseases. The company's most advanced program is in pivotal trials for the treatment of CKD. For more information, visit www.reatapharma.com.

About Kyowa Hakko Kirin

Kyowa Hakko Kirin Co., Ltd. is a leading biopharmaceutical company in Japan. It had a new start in October 2008 following the merger of Kyowa Hakko Kogyo Co., Ltd. and Kirin Pharma Co., Ltd., with the aim of becoming a global specialty pharmaceutical company that creates innovative new drugs. As an R&D-centered company with a strong foundation in biotechnology, Kyowa Hakko Kirin is focusing its core business areas of oncology, nephrology and immunology to create new value in the life sciences and to contribute to the health and well-being of people around the world. For more information, visit www.kyowa-kirin.co.jp/english/.