REATA ANNOUNCES PLAN FOR GLOBAL PHASE 2/3 TRIAL IN CHRONIC KIDNEY DISEASE CAUSED BY ALPORT SYNDROME

– Conference call and webcast November 14 at 12:00 p.m. EST –

- Received Guidance from the FDA on Key Design Aspects of a Single, Pivotal Trial in Alport Syndrome with an eGFR-Based Endpoint
- Alport Syndrome is an Orphan Disease that Affects Children and Adults and has No Approved Therapy
- Alport Syndrome and Diabetic Chronic Kidney Disease have Similar Characteristics
- Reata Expects Data From Prior CKD Program of 2,600 Patients to Translate to Alport Syndrome

IRVING, Texas, November 14, 2016 – Reata Pharmaceuticals, Inc. (NASDAQ:RETA) (“Reata” or “the Company”) today announced a potential path to approval for bardoxolone methyl in a new indication, the treatment of chronic kidney disease (“CKD”) caused by Alport syndrome. In a Type B meeting on October 5th, 2016, the U.S. Food and Drug Administration (“FDA”) provided guidance that a single, pivotal trial utilizing a retained estimated glomerular filtration rate (“eGFR”) endpoint could serve as the basis for approval in this life-threatening, orphan disease.

“We approached the FDA with a design for a Phase 2 study in Alport syndrome. The meeting was very collaborative, and the FDA provided us with guidance on a more efficient path to potential registration conducting a single, pivotal trial,” said Warren Huff, CEO of Reata Pharmaceuticals. “Bardoxolone methyl has a novel mechanism of action that has the potential to address the chronic inflammation and renal function decline that are key features of Alport syndrome. Our Alport syndrome program will be similar in scope to CATALYST, our ongoing Phase 3 trial in patients with connective tissue disease associated pulmonary arterial hypertension.”

Alport syndrome is a rare and serious hereditary disease with no approved therapies that affects approximately 12,000 people in the United States and 40,000 globally. Almost all patients with Alport syndrome develop end-stage renal disease (“ESRD”), and approximately 50% of male patients require dialysis or kidney transplant by the age of 25. The inflammatory processes that promote disease progression in Alport syndrome are similar to those underlying other forms of CKD. Bardoxolone methyl has shown improvements in eGFR and other markers of renal function in studies that enrolled over 2,600 patients, including primarily patients with CKD caused by type 2 diabetes.

“The Alport Syndrome Foundation works to encourage the development of therapies to meet patients’ needs. We are grateful to Reata for engaging us in this process and recognizing the crucial role of the patient perspective,” said Gina Parziale, Executive Director of the Alport Syndrome Foundation. “As there are currently no FDA-approved treatments for those with Alport syndrome, there is a great need for therapies that will delay or prevent the need for dialysis and transplantation, an outcome that most patients currently face.”
The clinical study will be an international, multi-center, double-blind, randomized, placebo-controlled Phase 2/3 trial studying the safety and effectiveness of bardoxolone methyl in slowing, halting, or reversing renal function decline in patients with Alport syndrome. The trial will enroll patients from age 12 to 60 with eGFR values between 30 to 90 mL/min/1.73 m². The Phase 2 portion of the study will be open-label, and the primary endpoint will assess eGFR change at 12 weeks. These patients will be followed for two years and will not be included in the Phase 3 portion of the trial.

The Phase 3 portion will be designed to support registration and will randomize patients evenly to either bardoxolone methyl or placebo. The Phase 3 primary efficacy endpoint will be the change from baseline in eGFR in bardoxolone methyl-treated patients relative to placebo after one year. The eGFR change after one year will be measured while the patients are on treatment, and the key secondary endpoints will be the change from baseline in eGFR after withdrawal of drug for four weeks (off treatment) after one and two years. After the initial withdrawal, patients will be restarted on study drug with their original treatment assignments and will continue on study drug for a second year. Based on FDA guidance, if the trial is positive, the year one off treatment data could support accelerated approval under subpart H of the Food, Drug, and Cosmetic Act, and the year two off treatment data could support full approval. Reata plans to initiate the Phase 2 portion of the integrated Phase 2/3 trial in the first half of 2017.

Bardoxolone methyl is currently being studied in a Phase 3 registrational study (“CATALYST”) in patients with connective tissue disease-associated pulmonary arterial hypertension (“CTD-PAH”). Although Alport syndrome and CTD-PAH have different etiologies and inflammatory stimuli, at a molecular level, mitochondrial dysfunction, inflammation, and proliferative signaling are common to the pathophysiology of both diseases. The anti-inflammatory and anti-fibrotic properties of bardoxolone methyl may therefore be relevant to preventing remodeling of the pulmonary vasculature in CTD-PAH as well as inhibiting structural alterations and glomerulosclerosis in Alport syndrome.

Alport Syndrome and the Pharmacological Rationale for Treatment with Bardoxolone Methyl

Patients with Alport syndrome are usually diagnosed with the disease in childhood to early adulthood and have average GFR declines of 4.0 mL/min/1.73 m² per year¹. The progressive decline of GFR in Alport syndrome inexorably leads to renal failure and the need for dialysis or kidney transplant. In males with the most prevalent subtype of Alport syndrome, the median age at onset of ESRD is 25 years. The incidence of renal failure increases to 90% by age 40 and nearly 100% by age 60 for these patients². Currently, there are no approved therapies for the treatment of Alport syndrome.

Alport Syndrome is a rare, genetic disease caused by mutations in the genes encoding type IV collagen, a major structural component of the glomerular basement membrane (“GBM”) in the kidney. The abnormal expression of type IV collagen causes loss of GBM integrity, abnormal leakage of proteins (such as albumin) through the GBM, and
excessive reabsorption of protein in the proximal tubules of the kidney. Like other forms of CKD, excessive reabsorption of protein in the tubules induces oxidative stress, chronic inflammation in kidney cells, and renal interstitial inflammation and fibrosis.

Reata believes bardoxolone methyl has the potential to address the underlying causes of GFR loss in Alport syndrome patients because it activates molecular pathways that promote the resolution of inflammation by restoring mitochondrial function, reducing oxidative stress, and inhibiting ROS-mediated pro-inflammatory signaling. These anti-inflammatory and tissue-protective effects suppress multiple cellular processes that conspire to promote GFR loss. Bardoxolone methyl and closely related structural analogs have been shown to improve renal function, reduce inflammation, and prevent injury, remodeling, and fibrosis in many animal models of renal injury and disease3,4,5.

Development History of Bardoxolone Methyl in Patients with CKD from Type 2 Diabetes

The pathogenic role of inflammation and declining renal function in CKD from Alport syndrome is similar to that of CKD caused by type 2 diabetes. Because of this, in designing the Phase 3 trial, Reata has relied upon the clinical trial experience of bardoxolone methyl in patients with CKD from diabetes to estimate the potential treatment effect in Alport syndrome.

Bardoxolone methyl has been tested in seven studies of patients with CKD caused by type 2 diabetes that enrolled approximately 2,600 patients. These studies included a randomized, placebo-controlled 52-week Phase 2b study ("BEAM") and a large, multinational Phase 3 study ("BEACON") that enrolled only patients with severe (Stage 4) CKD. In these studies, bardoxolone methyl treatment significantly increased eGFR and creatinine clearance, significantly reduced uremic solutes (BUN, uric acid, and phosphate) in inverse correlation to eGFR increases, and numerically reduced renal SAEs and ESRD events.

Reata’s Asian development partner, Kyowa Hakko Kirin ("KHK"), is conducting a Phase 2 study of patients with Stage 3 and 4 CKD from type 2 diabetes ("TSUBAKI") using the gold-standard technique to directly measure GFR, the inulin clearance method. KHK recently announced interim results from TSUBAKI demonstrating that bardoxolone methyl treatment resulted in a significant improvement in measured GFR, as assessed by inulin clearance, after 16 weeks of treatment compared to placebo. The increase in inulin clearance is similar in magnitude to the changes in eGFR reported in other studies with bardoxolone methyl and validate eGFR as a clinical endpoint for measuring improvement in renal function from bardoxolone methyl treatment. Taken together, the Reata and KHK CKD studies suggest that bardoxolone methyl treatment has the potential to produce consistent and meaningful improvements in renal function, as measured by inulin clearance, creatinine clearance, and eGFR (Table 1).
Table 1: Overview of Bardoxolone Methyl Studies Demonstrating Significant Improvements in Renal Function

<table>
<thead>
<tr>
<th>Study</th>
<th>Phase/Country</th>
<th>Patient Population</th>
<th>Mean Placebo-corrected Δ eGFR (mL/min/1.73m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>402-C-0903 (BEACON)</td>
<td>3/Global</td>
<td>CKD/Diabetes</td>
<td>6.4 (p&lt;0.001 vs PBO)</td>
</tr>
<tr>
<td>402-C-0804 (BEAM)</td>
<td>2/US</td>
<td>CKD/Diabetes</td>
<td>8.6 (p&lt;0.001 vs PBO)</td>
</tr>
<tr>
<td>RTA402-005 (TSUBAKI)</td>
<td>2/Japan</td>
<td>CKD/Diabetes</td>
<td>Data not yet publicly disclosed</td>
</tr>
<tr>
<td>402-C-0902</td>
<td>2/US</td>
<td>CKD/Diabetes</td>
<td>6.5 (p&lt;0.001)</td>
</tr>
<tr>
<td>402-C-0801 (Stratum 1)</td>
<td>2a/US</td>
<td>CKD/Diabetes</td>
<td>6.7 (p&lt;0.001)</td>
</tr>
<tr>
<td>402-C-0801 (Stratum 2)</td>
<td>2b/US</td>
<td>CKD/Diabetes</td>
<td>7.2 (p&lt;0.001)</td>
</tr>
<tr>
<td>402-C-1102</td>
<td>1/US</td>
<td>CKD/Diabetes</td>
<td>9.0 (p&lt;0.05)</td>
</tr>
<tr>
<td>402-C-0501</td>
<td>1/US</td>
<td>Cancer</td>
<td>18.2 (p&lt;0.0001)</td>
</tr>
<tr>
<td>402-C-0702</td>
<td>1/2/US</td>
<td>Cancer</td>
<td>32.2 (p=0.001)</td>
</tr>
<tr>
<td>402-C-1302 (LARIAT)</td>
<td>2/US</td>
<td>Pulmonary hypertension</td>
<td>14.7 (p&lt;0.001 vs PBO)</td>
</tr>
</tbody>
</table>

a) Unless noted, data are differences between mean eGFR changes from baseline for bardoxolone methyl versus placebo groups and p-values calculated comparing the difference in means between bardoxolone methyl and placebo groups.

b) Data are mean eGFR changes from baseline for bardoxolone methyl patients and p-values are calculated from two-sided paired t-tests comparing eGFR change to 0.

c) Study also demonstrated a significant increase in creatinine clearance.

The data from BEAM and BEACON demonstrate that eGFR improvements from bardoxolone methyl can be sustained for at least one year on treatment. BEAM and BEACON included approximately 600 patients treated for one year or longer. Table 2 below shows the change in eGFR for both placebo and bardoxolone methyl patients in the BEAM (mid-dose) and BEACON trials.

Table 2: Changes from Baseline in eGFR After One Year in BEAM and BEACON

<table>
<thead>
<tr>
<th>Study</th>
<th>N</th>
<th>Mean Baseline eGFR ± SD</th>
<th>Change from Baseline in eGFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEACON</td>
<td>498</td>
<td>22.9 ± 4.3</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6.8</td>
</tr>
<tr>
<td>BEAM</td>
<td>92</td>
<td>31.9 ± 6.6</td>
<td>11.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>15.5</td>
</tr>
</tbody>
</table>

Notably, in both BEAM and BEACON, bardoxolone methyl markedly reduced the proportion of patients with clinically-meaningful loss of kidney function. For example, in BEACON, at 48 weeks, bardoxolone methyl significantly reduced the proportion of patients with an eGFR loss of approximately 13%, 22%, and 33% of baseline eGFR (Table 3). The proportion of patients with a loss of eGFR of 30% from baseline at any visit was reduced by 67% (p<0.001).
Most importantly, in both BEAM and BEACON, bardoxolone methyl treatment increased eGFR relative to both baseline and placebo after cessation of drug for four weeks (Table 4). Sub-therapeutic concentrations of drug are achieved within approximately 10 days after drug withdrawal. The sustained increase in eGFR through one year of treatment and the presence of a sustained eGFR improvement after withdrawal of drug suggest that the maladaptive structural deficits that contribute to declining kidney function may be improved over the course of longer-term treatment with bardoxolone methyl.

### Table 4: Retained eGFR Benefit After Withdrawal of Bardoxolone Methyl

<table>
<thead>
<tr>
<th></th>
<th>Baseline eGFR</th>
<th>Placebo-Corrected eGFR Change Post-Withdrawal</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEAM (n=172) Low Dose</td>
<td>33</td>
<td>0.6</td>
<td>p&gt;0.05</td>
</tr>
<tr>
<td>BEACON (n=498) 20mg</td>
<td>23</td>
<td>1.8</td>
<td>p&lt;0.001</td>
</tr>
</tbody>
</table>

**Termination of Diabetic CKD Program and Transition to PAH and Alport Syndrome Indications**

Reata terminated its development program in CKD caused by type 2 diabetes in 2012 when the Phase 3 BEACON study was stopped for a safety concern. After the trial was terminated, analysis revealed that there was a small but significant imbalance in heart failure events (placebo-corrected excess of 3.8% or 1 in 26 patients). The reason for the increase in heart failure events was fluid overload that occurred only in the first four weeks after randomization. There was no increase in risk for fluid overload (as compared to placebo) after the first four weeks of treatment, and patients with fluid overload events who were treated with intravenous diuretics resolved their symptoms.

Importantly, the analysis demonstrated that three risk factors were predictors of fluid retention events and could be used to exclude patients at risk in future trials: severe (Stage 4) CKD, prior hospitalization for heart failure, and baseline
elevation in B-type natriuretic peptide (BNP) a blood-based measure of fluid overload. In effect, patients with severe CKD near ESRD with a history of heart failure, and who were already retaining excess fluid and were in or near heart failure prior to receiving bardoxolone methyl, were at risk of retaining additional fluid. Patients without these risk factors showed no imbalance in heart failure events or mortality, which is consistent with the Phase 2 studies conducted by Reata (including BEAM) that primarily enrolled Stage 3 CKD patients and did not show a risk of fluid overload.

Following termination of BEACON, Reata transitioned development of bardoxolone methyl to pulmonary arterial hypertension. Reata communicated its analysis of the BEACON risk factors and its risk mitigation strategy for managing acute fluid retention to the Division of Cardiovascular and Renal Products of the FDA (the “Division”), and the FDA agreed that the Phase 2 program in PAH (“LARIAT”) could proceed. Reata has used the identified risk factors and mitigation strategy in the conduct of the LARIAT trial, and KHK adopted similar measures in the TSUBAKI trial. To date, neither of these studies has shown an increased risk for acute fluid overload adverse events.

During October 2015, Reata interacted with the Division concerning its Phase 2 safety and efficacy data in PAH patients and the Company’s plans for a Phase 3 trial. The Division concurred with Reata’s plan to initiate a Phase 3 trial in CTD-PAH patients ("CATALYST"). The Division noted that the proposed Phase 3 trial, together with the LARIAT Phase 2 data in PAH patients and prior clinical trials with bardoxolone methyl, would provide adequate data for a New Drug Application review of the safety profile of the drug. Reata began enrolling patients in CATALYST during October 2016 and expects to have data available from the trial during the first half of 2018.

During October 2016, Reata met with the Division to discuss submitting an Investigational New Drug application for the use of bardoxolone methyl in slowing, halting, or reversing renal decline in patients with Alport syndrome. Reata sought FDA guidance on the design of a randomized, placebo-controlled Phase 2 trial with eGFR-based endpoints in patients with Alport syndrome. Reata asked the Division to comment on eligibility criteria, age range of patients (including children as young as 12 years), risk mitigation features, proposed dose, endpoints, and other elements. The meeting was collaborative, and the Division recommended a more efficient pathway to registration utilizing a single pivotal study. They acknowledged that it would not be feasible to conduct a Phase 3 study in Alport syndrome patients with a primary endpoint of time to ESRD. The Division indicated that data on change in eGFR could serve as the basis for approval if increases in eGFR are at least partially retained after withdrawal of drug, which would indicate that the drug affects progression of the disease. The Division stated that it would consider accelerated approval of bardoxolone methyl for Alport syndrome based on eGFR data through one year (with a four week withdrawal period). Longer-term data could serve as the basis for full approval.
Conference Call Information

Reata will host a conference call at 12 p.m. EST today, November 14, 2016, to discuss the clinical development pathway for bardoxolone methyl in Alport syndrome.

Analysts and investors can participate in the conference call by dialing toll-free (844) 348-3946 for domestic callers and (213) 358-0892 for international callers, using the conference ID 19858093.

The webcast link is http://edge.media-server.com/m/p/fn4m7g6a.

About Bardoxolone Methyl

Bardoxolone methyl is an experimental, oral, once-daily antioxidant inflammation modulator that activates molecular pathways that promote the resolution of inflammation by restoring mitochondrial function, reducing oxidative stress, and inhibiting pro-inflammatory signaling. Bardoxolone methyl binds to Keap1, a protein that is activated during the resolution of a healthy inflammatory response once the pathogenic threat or tissue damage is resolved. Binding to Keap1 activates Nrf2, a transcription factor that promotes normal mitochondrial function, increases production of antioxidant and detoxification enzymes, reduces oxidative stress, and reduces pro-inflammatory signaling.

About Reata Pharmaceuticals, Inc.

Reata Pharmaceuticals, Inc., is a clinical-stage biopharmaceutical company that develops novel therapeutics for patients with serious or life-threatening diseases by targeting molecular pathways involved in regulating cellular metabolism and inflammation. Our two most advanced clinical candidates (bardoxolone methyl and omaveloxolone) target important transcription factors, called Nrf2 and NF-κB, to restore mitochondrial function, reduce oxidative stress, and resolve inflammation.

About the Alport Syndrome Foundation

The Alport Syndrome Foundation (“ASF”) is the leading independent non-profit organization in the United States serving and giving a voice to the Alport Syndrome community. ASF’s mission is to improve the lives of patients through education, empowerment, advocacy, and research to realize the vision of conquering Alport Syndrome.

For more information on the Foundation and Alport Syndrome, please visit www.alportsyndrome.org.

Forward-Looking Statements

This press release includes certain disclosures which contain “forward-looking statements,” including, without limitation, statements regarding the success, cost and timing of our product development activities and clinical trials, our plans to research, develop and commercialize our product candidates, our ability to obtain and retain regulatory approval of our
product candidates, estimates of our expenses and our needs for additional financing, and our ability to obtain additional financing for our product development activities and existing and future clinical trials and pre-clinical programs. You can identify forward-looking statements because they contain words such as “believes,” “will,” “may,” “aims,” “plans” and “expects.” Forward-looking statements are based on Reata’s current expectations and assumptions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in Reata’s filings with the U.S. Securities and Exchange Commission, including its Registration Statement on Form S-1, as amended from time to time, under the caption “Risk Factors.” The forward-looking statements speak only as of the date made and, other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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