

THE WALL STREET TRANSCRIPT

Connecting Market Leaders with Investors

Redpoint Bio Corp. (RPBC.OB)



DR. RAY SALEMME holds a B.A. in molecular biophysics from Yale University and a Ph.D. in chemistry from the University of California, San Diego. Following a successful academic career, he moved to work in the biotechnology industry in 1982. He subsequently worked for several years at DuPont Central Research, DuPont Merck Pharmaceuticals and Sterling Winthrop Pharmaceuticals. In 1993 Dr. Salemme founded 3-Dimensional Pharmaceuticals (3DP), an advanced drug discovery company integrating combinatorial chemistry, structure-based drug design, high throughput screening and cheminformatics, within a comprehensive IT infrastructure. 3DP was acquired by Johnson & Johnson in 2003. Dr. Salemme joined Redpoint Bio Corp. as CEO in 2004.

SECTOR — HEALTH SERVICES

TWST: Would you begin with a brief historical sketch of the company and a picture of the things you are doing at the present time?

Dr. Salemme: Yes, thank you very much. I joined the company about six years ago. I was recruited to put together a discovery platform that would take a scientific approach to modulating the sense of taste. Redpoint's understanding of taste biology and its relationship to metabolism and satiety impact both the development of healthier foods and potentially, new approaches for treating diabetes and obesity. We are developing taste modulators for the food and beverage industry with the aim of enhancing sweet and savory flavors in food and beverage products, and so allowing reductions in the amounts of added sugar and salt. We believe that the development of healthier foods can significantly contribute to improving the overall health of the world's population, since many modern diseases are related to excess dietary sugar and salt.

In the last few years, we have developed a new technical approach to meet the demand in the marketplace for all-natural compounds in taste applications. The first discovery to roll out from this approach is a compound called RP44, which is an all-natural sweetness enhancer that we recently licensed to IFF. On the pharmaceutical side, we have taken advantage of new scientific research suggesting that many of the same taste-signaling components found on the tongue are also expressed as part of a nutrient-sensing system located in the gastrointestinal tract. This has allowed us to use aspects of our taste technology

to find potential new therapeutic agents for diabetes and obesity. The company has come a long way in the last six years in advancing both its food and beverage product and pharmaceutical drug discovery programs.

TWST: Tell me a little bit about your background and about some key members of the team.

Dr. Salemme: I was originally trained as a protein crystallographer. I had an academic career at the University of Arizona, which I left as a tenured full Professor in 1981 to join one of the first biotech companies. I have been a biotech entrepreneur since then and in 1993, founded a company called 3-Dimensional Pharmaceuticals, or 3DP, together with Scott Horvitz. 3DP became a successful technology leader in drug discovery. We took 3DP public in 2000, and it was acquired by Johnson & Johnson in 2003. Subsequent to selling 3DP to J&J, Scott introduced me to the opportunity here at Redpoint, where we have continued to work together. Consequently, I've been working with Scott for close to 17 years now. The other key members of the Redpoint team include Kyle Palmer, formerly from Schering-Plough, who runs pharmacology, and Bob Daines, formerly from GlaxoSmithKline, who runs chemistry. Virtually all of our employees have prior experience from the biotechnology and pharmaceutical industry.

TWST: How would you describe the outlook for the industry and for your company in particular at the moment?

Dr. Salemme: On the pharmaceutical therapeutic side, you may have seen recent reports that predict one-third of all Americans will have diabetes by 2050. The medical costs

associated with this epidemic are huge. Diabetes is a poorly controlled disease that is the number one cause of both blindness and kidney failure in the U.S. Current treatment options are not adequate to control the disease, so we think there are clearly opportunities to develop better treatments. Nevertheless, drug discovery is risky business, and in the current risk-averse environment, it has certainly become increasingly difficult to get new drugs through the FDA approval process.

On the food and beverage front, people increasingly recognize that the problems we have with diabetes mainly stem from lack of exercise and poor diet. A major contributor to obesity and diabetes are the kinds and quantities of foods we eat, particularly the high calorie, high glycemic index sweeteners like sucrose, or table sugar, and high-fructose corn syrup. Unfortunately, we have become accustomed to a diet that is packed with high glycemic index sugars, which the human metabolism was never designed for. This diet outstrips the ability of your pancreas to control sugar levels in your blood, and that's basically the origin of Type II diabetes. It seems plainly obvious that we are going to have to come up with ways to get those calories out of our diet. I personally think it will take legislation or taxation, since unless something is done, we will all be bearing huge health care costs that could simply be avoided by having a better diet.

As I mentioned before, at Redpoint we discovered an all-natural compound called RP44, a non-sweet component derived from the stevia plant, which amplifies the existing sugary sweetness in a food or beverage. This allows the creation of products requiring less high-calorie sweetener, while retaining the "clean sweet taste" that is associated with sugar. We believe this will be important for reducing the calorie content for many foods that are sweetened with a lot of added sugar.

TWST: Can you see a potentially large market growing as times goes on, especially if you get some legislative help?

Dr. Salemme: Absolutely, I think the potential for natural sweet enhancement is huge. If you go to the U.S. Department of Agriculture Web site, you can see the wide range of products that have a lot of added sugar and realize that most of these products are consumed by kids. So it's no surprise that we are seeing more obese kids, given overall less exercise and the types of foods that they eat.

TWST: What's the competitive landscape like?

Dr. Salemme: In the pharmaceutical discovery area, we're obviously competing with a lot of biotechnology and major pharma companies. However, many of the larger pharma companies are downscaling their internal R&D operations and doing more collaborative R&D with outside organizations. We are hoping to be the beneficiary of that process in our diabetes program, where we would like to find a partner for continued development. We believe that we have discovered a unique approach in how our diabetes compounds work, and pharma companies often ascribe a high value to novel approaches for treating important diseases.

On the food and beverage side, the competition is much more diverse. There are some sophisticated companies who are

genuinely interested in making the connection between good-tasting food and health. Many other companies are simply driven by sales and will make any claim regardless if there is a sound scientific basis. At Redpoint, our focus in food and beverage is to find all-natural solutions to allow reduction of sugar and salt in food and beverage products. If we can do that successfully — and this will surely require a number of different solutions — the potential health benefits will be significant. We believe that the platform we have developed for tastant discovery is unique in the industry, and we think that is a significant advantage.

TWST: Last quarter you announced you had entered a licensing and commercialization agreement with IFF, as you mentioned, for the RP44. What is the story on that initiative?

Dr. Salemme: Well, that's going very well. In June 2010, we entered into a license and commercialization agreement with IFF for the development, manufacture, use and commercialization of RP44. IFF has exclusive rights for five years to commercialize RP44 in essentially all food and beverage product categories. In return, we received an upfront payment and are eligible to receive additional payments based on achieving regulatory and supply milestones. In addition, we are eligible to receive royalties based on the amount of RP44 purchased by IFF for use in products. As part of the agreement, IFF has assumed responsibility for the regulatory process and for costs associated with prosecuting and maintaining Redpoint's intellectual property covering the sweetness enhancer.

RP44 is a component of the stevia leaf, Reb-C, that has a relatively low intrinsic sweetness and therefore, is not useful as a sweetener. However, we discovered that RP44 acts as a potent sweetness enhancer. A sweetness enhancer imparts no sweet taste of its own when used in a product. Instead, sweetness enhancers act by amplifying the existing sweet taste of caloric sweeteners, such as sugar or high-fructose corn syrup. We believe this will enable the development of food and beverage products that require reduced amounts of caloric sweeteners, while still retaining the "clean sweet taste" associated with a fully sugared product.

Taste tests demonstrate that RP44 enables the reduction of up to 25% of the caloric sweetener content in various product prototypes, while still maintaining the taste quality of the fully sweetened product. These results have been demonstrated by using RP44 in combination with several common sweeteners, including sucrose, or sugar, fructose, glucose and high-fructose corn syrup, HFCS. The worldwide sweetener market is estimated to be in excess of \$50 billion with sugar, including sucrose, HFCS and fructose, being the second-most common ingredient used in food and beverages after water.

In October 2010 we achieved the first milestone from our agreement with IFF resulting from FEMA GRAS approval of RP44. This GRAS determination allows RP44 to be incorporated into specified products in the U.S. and potentially aids regulatory acceptance in numerous other countries.

We believe there is an important potential role for RP44 in all-natural reduced-calorie products. Numerous scientific studies suggest a compelling link between the high levels of refined sugar found in common food and beverage products and

the worsening epidemic of obesity and diabetes worldwide. Health and wellness trends continue to be major market drivers for the food and beverage industry, creating consumer demand for natural solutions that can preserve the clean sweet taste of sugar while reducing calories.

"In October 2010 we achieved the first milestone from our agreement with IFF resulting from FEMA GRAS approval of RP44. This GRAS determination allows RP44 to be incorporated into specified products in the U.S. and potentially aids regulatory acceptance in numerous other countries."

TWST: Do you have any other products or other partnerships with potential to make news?

Dr. Salemme: We also recently reported advancements in our discovery program for all-natural enhancers of salty taste. The objective of the salt enhancer program is to identify natural flavor ingredients that can provide a significant reduction in the amount of sodium in food and beverage products, yet maintain the salty taste that consumer's desire. We believe that this program can potentially form the basis for discovery and/or commercialization partnerships with additional food or flavoring companies.

Although we have been focusing our developments in the food and beverage markets on all-natural compounds, we have also developed an intellectual property position around synthetic compounds that we developed against a molecular target first associated with taste, but later found to be potentially important in gut nutrient sensation. We now believe that modulators of this target, called the TRPm5 ion channel, may be involved in the secretion of important hormones like GLP1 and insulin that control sugar uptake and metabolism. Consequently, modulators of TRPm5 could potentially find application as a new therapy for adult-onset diabetes and obesity. We have obtained some encouraging results in in-vivo models and are currently looking for a pharmaceutical company who may be interested in partnering with us for further preclinical and clinical developing of our compounds. As far as we are aware, our compounds appear to work by a new mechanism, and so could potentially be used in combination with other diabetes drugs to improve overall control of this disease which is rapidly developing epidemic proportions worldwide.

TWST: Does the company give a great deal of attention to investor relations? Do you feel like you've gotten the message out as to what you have to offer?

Dr. Salemme: I think so. We have two investor relations groups working with us. The most important driver for our investor relations program is for us to deliver on our objectives.

TWST: Moving forward, what may be some year-by-year milestones or indicators that investors could watch for?

Dr. Salemme: We recently announced FEMA GRAS approval for RP44. FEMA GRAS status establishes an ingredient

as safe under the conditions of intended use as a flavoring material. This status is recognized in many countries outside the U.S. and potentially contributes towards regulatory acceptance in others. Achievement of GRAS triggered a \$500,000 milestone from IFF. Redpoint will be due an additional \$500,000 milestone

if IFF enters into a supply agreement subject to certain commercial criteria. We are also eligible to receive royalties once IFF commercializes RP44, which we hope is in the near future. We're hoping to build on that success and do additional deals with food and beverage companies with that kind of a framework in mind. There are many more things to be discovered in nature.

On the pharma side, we are interested in entering into a strategic alliance with a large pharmaceutical company around our diabetes R&D program in order to take the program forward.

TWST: What would be the two or three best reasons for a long-term investor to look closely at Redpoint Bio?

Dr. Salemme: Redpoint has compelling market opportunities in both foods and beverages, and in pharmaceuticals. On the food and beverage side of our business, we have validated our technology platform through the discovery of RP44. We first announced the discovery of RP44 in June 2009. In June 2010 we licensed the program to IFF, and in October 2010 RP44 received FEMA GRAS approval. We believe we can use this platform to help us identify additional sweetness enhancers as well as salt enhancers.

On the pharmaceutical side of our business, we believe we have discovered a novel approach for the treatment of diabetes and have seen interest by some of the major pharmaceutical companies interested in finding potential new drugs to treat metabolic disease. With estimates stating that more than 200 million people worldwide suffer from diabetes incurring over \$350 billion in medical costs annually, it is undeniable that diabetes and obesity are becoming a major health care problem worldwide.

TWST: Thank you. (MJW)

DR. RAY SALEMME
CEO
Redpoint Bio Corp.
7 Graphics Drive
Ewing, NJ 08628
(609) 637-9700
(609) 637-0126 — FAX
www.redpointbio.com