FIRST QUARTER 2016 REPORT
To Shareholders and Friends:

It was an extremely busy first quarter for REMEDY PHARMACEUTICALS, as we moved forward on several fronts with the goal of helping people with Central Nervous System related edema to not only survive, but live life to the fullest.

We would like to take a few minutes to share with you some of those activities and achievements.

**ADDITIONAL DATA STRENGTHENS CIRARA™ STORY**

The two principal investigators in the GAMES-RP Phase 2 study, Kevin N. Sheth, MD of Yale University and W. Taylor Kimberly, MD, Ph.D., of Massachusetts General Hospital, gave oral presentations during the 2016 International Stroke Conference (ISC), held February 17-19 in Los Angeles, California.

Top line results were previously presented at the Neurocritical Care Society annual general meeting last October in Scottsdale, AZ. Additional efficacy data presented at ISC included mortality adjudicated by a blinded panel of three independent clinicians, 6-month functional outcome data, and a post hoc analysis in patients 70 years or younger.

Adjudicated neurological mortality was reduced from 25% in placebo to 7% in CIRARA-treated patients (p=0.03), a more than three-fold reduction in mortality; death from edema (swelling) was reduced from 22% in placebo to 2% in CIRARA-treated patients (p=0.008), a ten-fold decrease.

CIRARA is a patented, high affinity inhibitor of Sur1-Trpm4 channels. Sur1-Trpm4 channels are upregulated following ischemia and open due to ATP depletion, resulting in sodium influx, which is followed by water that leads to cell swelling, damage and death. Dysfunction of endothelial cells through this process results in blood brain barrier disruption, which allows fluids to cross into the brain, i.e., brain swelling. Lowering death from edema in the drug group further supports CIRARA’s mechanism of action.

Additional encouraging functional outcome and mortality data were also presented. In a pre-specified “shift analysis,” there was a non-significant trend towards improved 6-month functional (modified Rankin Scale or mRS) scores (p=0.13). At 6 months, CIRARA-treated patients with 0-2 mRS were 16% vs. 9% for placebo patients, or almost double. The sizable reduction in all-cause mortality exhibited at 90 days remained at six months (39% in placebo versus 20% in the CIRARA group, p=0.06).

One of the most exciting findings presented was that in patients 70 years old or younger, 90-day functional outcomes were statistically significantly improved across the board (p=0.048), and 90-day mortality was dramatically reduced from 33% in the placebo group to 12% in the CIRARA group (p=0.03). This difference persisted at six months (37% vs. 14%, p=0.04).

**RESULTS OF END-OF-PHASE 2 FDA MEETING; START OF PHASE 3 TRIAL**

The pivotal event of the first quarter, of course, was our End of Phase 2 (EOP2) meeting with the FDA on March 2. EOP2 meetings provide an opportunity for companies to gain clarity from FDA on their clinical development program, and for FDA to comment on the company’s proposed way forward. Importantly, the FDA did not raise any issues that would prevent us from proceeding with our Phase 3 program. We felt the tone of the meeting supportive and collaborative.
The FDA's minutes, which we received two weeks later, reinforced the Agency's message and our understanding.

Given the positive outcome of the meeting, we are moving with all deliberate speed to finalize design and then implement our randomized, double blind, placebo-controlled Phase 3 study, named CHARM (Cirara in large Hemispheric infarction Analyzed for modified Rankin scale and Mortality). We hope to begin recruitment in the last quarter of this year.

Previous studies, being relatively small, used drug manufactured in small-scale clinical batches. In March, we chose a well-known organization to scale up manufacturing of drug and placebo for the upcoming Phase 3 study and beyond, i.e., for commercial use. Transfer of methods and processes to this manufacturer has begun.

Contract Research Organizations (CROs) provide outsourced clinical trial support to pharmaceutical companies. After an exhaustive vetting process, we selected a full-service global CRO based in the U.S., well known for supporting acute care clinical trials.

While much of the activity surrounding the upcoming study is still in the early stages, we hope this at least gives you a flavor of where things are headed with the CHARM trial. Expect much more detail in subsequent reports.

THREE KEY HIRES DURING THE QUARTER

To strengthen our leadership capabilities, we made some key hires during the quarter. The first was Ann Tunstall, Ph.D. who joined as our Vice President of Regulatory and Clinical Operations. We have had the pleasure of working with Ann for 10 years as a consultant to the company, so with data in hand from our Phase 2 study, it was only natural that we ask her to join us full time. We're extremely pleased she said yes.

After a brief period consulting to Remedy, Tom MacAllister, Ph.D., JD, has joined full time as Vice President of Research and Development, and General Counsel. Tom has over 25 years of experience in business development, preclinical and clinical development, regulatory strategy, intellectual property acquisition and enforcement, as well commercialization. Tom has previously assembled and led a team that took a program for severe traumatic brain injury from concept through completion of a phase 3 clinical trial.

On April 1, Dr. Thomas R. Zimmerman Jr., MD, F.A.A.N, began as our Vice President, Medical Affairs. Tom has over 30 years of medical experience as well as 25 years in clinical drug development, having been an integral part of five New Drug Applications and four commercial drug launches. He has lead 18 acute neurology studies.

After a false start with another candidate, we contracted Maynard Lichty, M.Sc. to head up manufacturing for us. Maynard is an independent consultant with nearly four decades of experience in pharmaceutical development. He has a B.S. in Chemistry from Dickenson University and a M.S. in Chemistry from Villinova University.
With the addition of these individuals, we now have our core team in place to execute on the strategic plan ahead. We also strengthened our corporate board, adding J. Marc Simard, MD. Dr. Simard, who discovered the SUR1-Trpm4 channel, brings unmatched scientific acumen to the board.

We’re also pleased to advise you that Edgar Woolard has joined as a special board advisor. He is the former Chairman and Chief Executive Officer of DuPont. He spent four decades with DuPont, and was the architect of the DuPont-Merck partnership to commercialize a cardiovascular drug that has since gone on to produces billions in revenue. As highlighted in Fortune magazine’s 2012 article, “50 Greatest Business Decisions of All Time,” it was Ed, as newly appointed Chairman of the Board of Apple who, in 1997, spearheaded the decision by the board to fire then-CEO Gil Amelio and bring Steve Jobs back to the company, thus saving Apple from likely bankruptcy. Ed is a former director of the New York Stock Exchange Inc., Citigroup Inc., IBM, and Bell Atlantic Delaware. He is also a former Chairman of the Business Council.

Complete biographies on all the above individuals can be found on our website (www.remedypharmaceuticals.com).

TWO ORPHAN DRUG DESIGNATIONS THIS PAST QUARTER

On February 16 we announced that the FDA granted Orphan Drug Designation to CIRARA for both the treatment of acute subarachnoid hemorrhage (SAH) and acute spinal cord injury (SCI).

Orphan Drug Designation offers a distinctive advantage for drugs aimed at diseases and disorders that affect less than 200,000 people in the U.S. Orphan drugs are eligible for a seven-year marketing exclusivity period against market competitors and provides certain incentives, including federal grants, tax credits and a waiver of certain filing fees.

SAH is a life-threatening form of a stroke characterized by increased pressure on the brain due to blood and fluid buildup in the subarachnoid space (between the brain and the skull). It is estimated that up to 30,000 people per year suffer from SAH in the United States.

SCI is a condition resulting from trauma or damage to the spinal cord leading to loss or impaired function causing reduced mobility or sensation. Approximately 12,000 new cases of SCI occur in the United States each year. As you may recall, Ohio State University initiated a Phase 2 pilot study of CIRARA in SCI patients in the last quarter of 2015.

We intend to apply for other orphan drug indications, both here and in Europe.
OTHER NOTEWORTHY DEVELOPMENTS SO FAR THIS YEAR

In February, we received notice of a new patent allowance related to our Measured Phase Dosing™ (MPD) regimen. As we outlined in our annual report, we remain focused on broadening our intellectual property portfolio, an integral aspect of our commercialization strategy. Our IP portfolio now includes 16 issued patents covering methods of use, formulation, manufacturing, and a proprietary dosing regimen.

The accounting firm of KPMG was engaged to prepare audited financial statements for 2014 and 2015. Copies will be sent to shareholders when completed.

Discussions with numerous multi-national pharmaceutical companies continue. We’ve had multiple inquiries and have spoken to or met with quite a few. Now having said that, we understand such a process can take quite some time to bear fruit, and therefore our principal focus remains moving forward with the CHARM study on our own.

In that regard, we are finalizing budgets and financing needs and have narrowed the field of investment banks to a handful that we believe best match our requirements.

SEEING THE HUMAN IMPACT OF CIRARA

The woman you see on the cover of this report was a patient in our Phase 2 trial in large hemispheric infarcts (GAMES-RP). Her name is Jaclyn. At age 32 she had a massive stroke, termed a large hemispheric infarction (LHI) caused by a clot that came from a defect in her heart that had gone undiagnosed. Jaclyn’s LHI occurred the night before the oldest of her three children was to start school for the very first time. She had just set out his lunch box and went upstairs to bed. As she lay down, a strange sensation came over her. Attempting to get out of bed she fell, hitting her head on the nightstand, which woke her husband, Jim. Startled, he jumped out of bed and saw his wife lying on the floor, head bloodied. Paralyzed on her right side and unable to speak she could only stare up at him and blink her eyes. He called 911.

Jaclyn was taken to an outlying hospital. Doctors quickly assessed that she needed to go to a major medical center and she was rushed to Yale-New Haven Hospital in New Haven, CT. Dr. Kevin Sheth, one of the investigators in the GAMES-RP study, spoke to the family and explained that, given her grave condition, there was a good chance Jaclyn might die, but that Yale was part of an 18-center study of an investigational drug called CIRARA, and if they gave permission, she could be part of the trial.

He explained that Jaclyn might get drug or placebo, but that there was no way of telling, nor were there any guarantees the drug would work.

The family made the courageous decision to consent Jaclyn into the trial. Jaclyn woke up five days later. She had no idea what had happened to her or how close she came to death. Since that time she has gone through rehab and is doing quite well. Jaclyn and her family only recently learned she was one of the fortunate patients to get CIRARA.

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A film crew has just documented Jaclyn’s story and we have created a website called CIRARASTORIES.com dedicated to examining the real-life accounts of people that have been affected by acute CNS-related edema – patients, their families, and the medical professionals who care for them.

We expect to launch the site at the end of April with Jaclyn’s story. Other stories are expected to follow. You’ll
be able to find it at www.CIRARAstories.com

REMEDY GETS A NEW HOME

In March, REMEDY signed the long-term lease for office space at the historic Woolworth Building in New York that we were negotiating at the time of the annual report. Opened just over 100 years ago in 1913, this towering structure remained the tallest building in the world until 1930 (when 40 Wall Street was completed). Standing in the limestone and granite structure’s magnificent lobby, with its vaulted ceiling surfaced with Byzantine mosaics, cornices of gilded tracery, and the lunette murals, “Labor” and “Commerce,” all created by famed architect Cass Gilbert (who designed the U.S. Supreme Court), reminds everyone at Remedy of the importance of building a company that has lasting value. We expect to move into our offices later this summer.

A FEW LAST WORDS IN CLOSING

In about the time that it takes to read this report, three people in the United States will have had a severe enough brain infarct to be at risk for brain-related edema, which, in turn, could lead to death or permanent disability. That’s some 140,000 people a year just in the U.S.—and that doesn’t even include the impact LHI has on the families of these victims or the burden to society.

We realize the clock is ticking every minute of every hour of every day—where effective treatment could save and improve the lives of many people who otherwise have little or no other therapeutic options. That’s why we have set demanding goals for ourselves in 2016 and beyond. We intend to lead the way in achieving advancements in CNS-related edema that will change medicine forever and, in the process, build a world-class company. That’s more than an aspiration; it’s our mission.

We would like to recognize all the stakeholders who have supported us in these efforts, and give special thanks to the patients and their families and all the healthcare providers who had the courage to be a part of our studies. Without them, medicine would not advance.

We look forward to keeping you apprised of our progress in the months ahead.

Sincerely,

Sven Jacobson
CEO

David Geliebter
Executive Chairman

PLEASE NOTE
This letter contains forward-looking statements. Such forward-looking statements are estimates reflecting management’s best judgment based upon current information and involve a number of risks and uncertainties. Actual results and the timing of certain events could differ materially from those projected or contemplated by the forward-looking statements due to numerous factors. The Company undertakes no obligation to update forward-looking statements, including projections or guidance, included herein. CIRARA is a registered trademark of Remedy Pharmaceuticals.

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