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## **Fate Therapeutics Expands Stem Cell Modulator Pipeline with Acquisition of Verio Therapeutics**

**San Diego, CA and Ottawa, Canada** – [Fate Therapeutics, Inc.](http://www.fatetherapeutics.com) announced today a definitive agreement to acquire Verio Therapeutics Inc., a privately held biotechnology company based in Ottawa, Ontario, which is developing drug candidates targeting the activation of endogenous stem cells. Verio Therapeutics is advancing the work of several of Canada's leading stem cell scientists, including Michael Rudnicki, Ph.D., FRSC, and Lynn Arthur Megeney, Ph.D., who have made breakthrough discoveries relating to muscle and pancreatic regeneration. Under the terms of the agreement, Fate Therapeutics has formed a Canadian subsidiary, which will continue Verio's discovery and development operations in Ottawa. The transaction has been approved on behalf of the boards of directors of both companies. Financial terms of the transaction were not disclosed.

"Based on the significant discoveries of Drs. Rudnicki and Megeney, Verio Therapeutics has emerged as the leading Canada-based developer of stem cell modulators," said Paul Grayson, president and CEO of Fate Therapeutics. "Since Drs. McCulloch and Till first identified the existence of stem cells in the 1960s, Canada has cultivated a rich history of excellence in stem cell research. We look forward to working with Drs. Rudnicki and Megeney, as well as the Canadian stem cell community at large, to continue to push the field's frontier and expand our leading adult stem cell biology platform for the development of innovative drug candidates."

Founded in 2008, Verio Therapeutics has multiple biologics in its preclinical pipeline including candidates for promoting the growth of new insulin producing beta cells to treat diabetes and for regenerating cardiomyocytes following heart attack to treat severe cardiac dysfunction. Verio Therapeutics is led by Frank Gleeson, who has been a founding venture capitalist of a dozen biotechnology companies and currently serves on the board of directors of the Stem Cell Network of Canada. Verio's scientific founders include:

- Dr. Rudnicki, who is a professor of medicine at the University of Ottawa, Canada research chair of molecular genetics and director of the regenerative medicine program and the Sprott Centre for Stem Cell Research at the Ottawa Hospital Research Institute (OHRI) and holds the honor of Howard Hughes Medical Institute international research scholar; and
- Dr. Megeney, who holds the Mach Gaensslen chair in cardiac research, is a professor in the departments of medicine and cellular and molecular biology at the University of Ottawa and a senior scientist in the regenerative medicine program at OHRI.

The laboratories of Drs. Rudnicki and Megeney have made numerous seminal discoveries in the understanding of tissue regeneration, including the pivotal role of Wnt7a in stimulating muscle stem cell growth and caspase-3 in the differentiation of skeletal myoblasts.

"We have admired Fate's stem cell biology expertise, proprietary induced pluripotent stem cell technology platform and its unique pharmacologic approach to stem cell medicine, which is complementary to Verio's," said Frank Gleeson, CEO of Verio Therapeutics. "Joining forces with Fate not only unites the top stem cell scientists in North America but, more significantly, creates an ideal opportunity to rapidly advance our therapeutic programs into advanced preclinical and clinical testing for the treatment of major medical conditions, such as sarcopenia, diabetes and heart disease."

Fate Therapeutics was recently named one of the 50 most innovative companies in the world by MIT's Technology Review. The Company is combining leading expertise in adult stem cell biology with the most advanced induced pluripotent stem cell (iPSC) technology to recreate adult stem cell niche environments for the discovery of "stem cell modulators," small molecule or biologic compounds that guide cell fate in vivo for therapeutic benefit. Fate Therapeutics is currently conducting a Phase 1b clinical trial of its lead stem cell modulator, FT1050, a small molecule drug that is administered during the normal course of a dual umbilical cord blood transplant and is designed to enhance hematopoietic stem cell proliferation and homing. The Company's iPSC intellectual property position was significantly bolstered last month, as the United States Patent and Trademark Office granted U.S. Patent No. 7,682,828 with a priority date of November 26, 2003, which covers certain ground-breaking reprogramming work of Rudolf Jaenisch, M.D., founding member of the Whitehead Institute for Biomedical Research and a scientific founder of Fate Therapeutics.

"We are excited to add Verio's biologics capabilities and preclinical programs to complement Fate's rapidly progressing pipeline of stem cell modulators," said Scott Wolchko, chief financial officer of Fate Therapeutics. "With our strong balance sheet, experienced management team, robust technology platform and emerging pipeline of small molecules and biologics, we believe Fate Therapeutics is well positioned to partner with pharmaceutical companies seeking to intervene in adult stem cell biology for regenerative medicine."