



## **Halsa Pharmaceuticals Receives \$750,000 Payment from Texas ETF to Develop Therapeutic Weight-loss Treatment**

Second Payment Completes \$1 Million Total Funding Based on Performance Benchmarks

**HOUSTON, (October 13, 2009)** ----- Houston-based Halsa Pharmaceuticals, Inc., has been awarded a second payment of \$750,000 from the Texas Emerging Technology Fund (ETF). The Company achieved a critical milestone based on its preclinical advancement of its lead therapeutic treatment for obesity and its new manufacturing capabilities.

Halsa has earned the full amount of funding provided for under its March 2008 agreement with the Texas ETF, in which the state agreed to provide Halsa with up to \$1 million total investment if the company met certain performance benchmarks. In March 2008, Halsa was awarded \$250,000 to continue its development and pilot manufacturing of a therapeutic treatment for obesity.

“The ETF investment, in combination with capital raised from private investors and strategic partners has allowed Halsa to move forward on a number of fronts,” Halsa CEO Phil Speros said. “Not only were we able to achieve the technical milestones, but we also made advances in other important areas, including enhancing our portfolio of intellectual property and identifying other diseases that might be treatable with our technology.”

“This additional funding will help us continue the development of an obesity therapeutic into pilot manufacturing and preclinical studies in preparation for an Investigational New Drug filing with the U.S. Food and Drug Administration,” Speros added. “In our work to date, the candidate therapeutic has consistently demonstrated an ability to cause fat breakdown without causing any apparent adverse side effects, and our hope is to develop a novel therapeutic that will benefit the obese without the risky side effects that result from existing treatments, which include gastrointestinal distress, blood pressure increase, and mood depression.”

“The initial ETF investment was intended to allow Halsa to reach certain milestones, important technical achievements that would indicate appropriate progress in the development of this medicine,” ETF Director Alan Kirchhoff said. “Halsa has shown clear and convincing evidence that these milestones have been attained, and we look forward to seeing the development of this technology.”

Halsa holds exclusive patent rights to a natural material, ZAG (Zinc-alpha-2-glycoprotein), which when injected by a physician into an obese patient, is expected to cause immediate and substantial depletion of body fat. The Company is developing an injectable product utilizing recombinant human ZAG to help restore ZAG levels in afflicted patients to normal and cause body fat to return to more normal levels.

The ETF is a \$200 million initiative created by the Texas Legislature in 2005 at the governor's request; a 17-member advisory committee of high-tech leaders, entrepreneurs and research experts reviews potential projects and recommends funding allocations to the state leadership. To date, the ETF has allocated more than \$99 million to 78 early stage companies, 35 of which are pursuing life science objectives.

More than 65% of American adults are overweight, and 34% are obese, according to the U.S. Centers for Disease Control. Over \$150 billion annually is lost to obesity and overweight in the United States, 50% due to direct health care costs and 50% from loss of productivity due to illness and mortality. Obesity is highly correlated with increased incidence of heart disease, stroke, cardiovascular diseases, diabetes, kidney disease, cancer, osteoarthritis, and other diseases.

#### **ABOUT HALSA PHARMACEUTICALS**

Halsa Pharmaceuticals, Inc. is a biotechnology company that was founded in 2000 and is developing therapeutics for the treatment of obesity, diabetes, cachexia and other metabolic diseases.

#### **SAFE HARBOR STATEMENT**

Under the Private Securities Litigation Reform Act of 1995, a “safe harbor” may be provided to us for forward-looking statements. Words such as “outlook,” “believes,” “expects,” “appears,” “may,” “will,” “should,” “anticipates” or the negative thereof or comparable terminology, are intended to identify these forward-looking statements. These forward-looking statements are estimates reflecting the best judgment of our senior management and are based on our current expectations and projections concerning future events, many of which are outside of our control, and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

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