

YAUPON THERAPEUTICS CLOSES \$14.5 MILLION FINANCING

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Series C financing positions company to advance development of its product portfolio targeting cancer and central nervous system diseases

RADNOR, PA (November 26, 2007) –Yaupon Therapeutics, a privately held specialty pharmaceutical company developing small molecule pharmaceuticals, today announced the closing of a \$14.5 million round of venture capital financing. The Series C financing will expand the continued advancement of Yaupon’s multiple clinical programs.

The venture capital financing was led by Vivo Ventures with additional funding from Palo Alto Investors, LLC and private investors. The financing will support the ongoing clinical development program for Clearazide™, a topically delivered cytotoxic agent for the treatment of cutaneous T-cell lymphoma (CTCL) that is currently in pivotal clinical studies. The funding will also position Yaupon to pursue neuropsychiatric indications such as Attention Deficit Disorder (ADD) and Tourette’s syndrome for Lobeline, a dopamine modulating agent that is currently in phase 2 trials for methamphetamine addiction. The funding will also help to bring Yaupon’s pain programs into clinical stage development.

“In the past year, we have made substantial progress in our development efforts for Clearazide and Lobeline. This financing positions Yaupon to advance its clinical programs while also pursuing neuropsychiatric indications for Lobeline that will significantly expand our commercial opportunity in the years ahead.” said Robert Alonso, president and CEO of Yaupon. He added, “We are especially pleased that our new and existing investors recognize the strength of our pipeline and our innovative business strategy.”

Yaupon Therapeutics has a total of four products in development. In addition to Clearazide and Lobeline, the company is developing Nornicotine as a once a day oral drug for smoking cessation. A fourth product, YT-1006, is an NMDA antagonist in development for the treatment of neuropathic pain. YT-1006 is orally active and has shown to be efficacious without classic NMDA side-effects. Yaupon’s business strategy targets opportunities to license innovative technologies from under-served academic research centers while leveraging funding available through the NIH competitive grant system.

“We see tremendous potential for Yaupon’s pipeline and business strategy to position the company to introduce products that represent important advances in patient care and strong opportunities for commercial success,” said Albert Cha, managing partner at Vivo Ventures. “Yaupon’s use of the NIH competitive grant system, along with strong academic collaborations, represents a unique and cost effective business model in pharmaceutical product development.”

About Yaupon

Yaupon Therapeutics is a privately held specialty pharmaceutical company that develops small molecule pharmaceuticals licensed from under-served academic laboratories. The company has four products in development, with one compound in pivotal studies, one compound in phase 2 and additional compounds that will enter the clinic in 12 months. The company’s business strategy is to build a highly capital- efficient organization that leverages the NIH competitive grant system to offset research expenses and to validate its technology. The model emphasizes strong academic collaborations that lead to the licensing and development of unique products with proof of principle and millions of academic research dollars behind them. To date Yaupon has received over \$15 million in government support.

About Vivo Ventures

Vivo Ventures is a life-sciences focused venture capital firm formed in 1996 with more than \$650M under management. Vivo Ventures is currently making investments from its \$275M sixth fund into promising biotechnology and life science companies. With more than 90 years of scientific and operational expertise in biotechnology, Vivo makes investment decisions for the Funds and helps its portfolio companies develop corporate strategy, arrange licensing agreements and strategic alliances, recruit key management personnel, and acquire new products and technology to accelerate growth. Its current portfolio includes more than 60 private and public biotechnology companies in the areas of biopharmaceuticals, specialty pharmaceuticals, and medical devices.

About Palo Alto Investors, LLC

Palo Alto Investors, LLC (located in Palo Alto, California) is a registered investment advisor providing investment advisory services to a variety of investors including individuals, trusts, foundations and institutions. The firm currently manages over \$1.6 billion in assets with a emphasis on Micro Cap and Small Cap market segments as well as the Healthcare, Energy and Technology sectors.

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