

REATA PHARMACEUTICALS, INC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

**As Approved by the Board of Directors
October 15, 2015**

I. Purpose

The Board of Directors (the “Board”) of Reata Pharmaceuticals, Inc. (the “Company”) has established the Audit Committee (the “Committee”) of the Board. The purpose of the Committee is to assist the Board with its responsibilities to:

1. oversee the integrity of the Company’s financial statements;
2. oversee the Company’s accounting, disclosure and financial reporting processes and its accounting policies and practices;
3. oversee the Company’s compliance with legal and regulatory requirements;
4. oversee the outside auditor’s qualifications and ensure the independence of the outside auditor;
5. oversee the performance of the Company’s internal audit function and internal auditors;
6. oversee the performance of the Company’s systems of internal controls;
7. review and appraise the audit efforts of the Company’s independent auditors and internal auditors and, when appropriate, replace the independent auditors or internal auditors;
8. provide an open avenue of communication among the independent auditors, financial and senior management, the internal auditors, and the Board; and
9. prepare annually the report that the Securities and Exchange Commission (the “SEC”) rules require to be included in the proxy statement relating to the Company’s annual meeting of stockholders.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section V of this Charter and will perform such other functions as the Board may assign from time to time.

Management is responsible for the preparation, presentation, and integrity of the Company’s financial statements, accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. While the Committee has the responsibilities and powers set forth in this Charter, and while management and the independent auditors for the Company are accountable to the Committee, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete, accurate, and in accordance with generally accepted accounting principles in the United States (“GAAP”). Management is responsible for

those activities.

II. Composition

The Committee shall be comprised of three or more directors, all of whom are members of the Board. Except as otherwise permitted under the listing standards of the NASDAQ Stock Market (“Nasdaq”), each member shall be “independent” as defined from time to time by the listing standards of Nasdaq, applicable SEC rules, and any other applicable independence requirements. Accordingly, the Board shall determine annually whether each member is free from any relationship that may interfere with his or her independence from management and the Company.

The members of the Committee will be appointed by the Board, based on the recommendation of the Nominating and Corporate Governance Committee, and will serve at the pleasure of the Board. Any vacancy on the Committee will be filled by, and any member of the Committee may be removed as such by, an affirmative vote of the majority of the Board.

Unless the Board designates a chairperson of the Committee, the members of the Committee may designate a chairperson and change that designation by an affirmative vote of the majority of the full Committee membership. The chairperson shall be responsible for leadership of the Committee, including presiding over the meetings of the Committee and reporting to the Board. The Board may remove or replace the chairperson of the Committee at any time by an affirmative vote of the majority of the Board.

No member shall serve on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of that director to serve effectively on the Committee.

Each member must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement. At least one member must have financial sophistication as defined from time to time by applicable Nasdaq regulations. Unless the Board determines otherwise, at least one member must be an “audit committee financial expert” as defined by SEC rules. Members of the Committee may enhance their familiarity with finance and accounting principles by participating in educational programs that the Company or an outside consultant or organization conducts. The members of the Committee need not be professionally engaged in the practice of auditing or accounting and need not be experts in auditor independence standards or legal or regulatory matters. Notwithstanding the foregoing membership requirements, no action of the Committee will be invalid by reason of any such requirement not being met at the time the action is taken.

III. Meetings and Procedures

The Committee will meet at the call of its chairperson or of two or more members of the Committee, in each case on at least twenty-four (24) hours personal, written, telegraphic, cable, wireless, or electronic notice to each member. The Committee shall meet at least quarterly and as many additional times, including in executive session, as the members deem necessary. As a part of its effort to foster open communications, the Committee should meet at least annually with management, the internal auditors and the independent auditors in separate executive sessions to discuss any matters that the Committee or any of those groups believes should be discussed privately. References in this Charter to the internal auditors shall include one or more employees of the Company designated as having primary responsibility for the Company’s

internal audit function or, where no such person has been designated, the auditors engaged by contract for such purposes.

At every meeting of the Committee, the presence of a majority of all the members shall constitute a quorum, and the affirmative vote of a majority of members present shall be necessary for the adoption by it of any resolution. The Committee may also act by unanimous written consent in lieu of a meeting.

Meetings may, at the discretion of the Committee, include other directors, members of the Company's management, independent consultants or advisors, or such other persons as the Committee or its chairperson may determine. Those in attendance who are not members of the Committee may observe, but may not participate in, any discussion or deliberation unless invited to do so by the Committee, and in any event are not entitled to vote at the meeting. The Committee may also exclude from its meetings any person it deems appropriate, other than members of the Committee.

The Chief Financial Officer or such other officer as may from time to time be designated by the Committee shall act as management liaison to the Committee and shall work with the Committee chairperson to prepare an agenda for regularly scheduled meetings. The Committee chairperson will make the final decision regarding the agenda for regularly scheduled meetings and shall develop the agenda for special meetings based on the information supplied by the persons requesting the special meeting.

The agenda and all materials to be reviewed at the meetings should be received by the Committee members as far in advance of the meeting day as practicable.

The Committee shall make regular reports to the Board about its activities and decisions, which may be made through the chairperson.

Each year the Committee shall review the need for changes in this Charter and recommend any proposed changes to the Board for approval.

Each year the Committee shall review and evaluate its own performance and shall review such evaluation with the Board.

Except as expressly provided in this Charter, the Amended and Restated Certificate of Incorporation, the Amended and Restated Bylaws of the Company, or the Corporate Governance Guidelines of the Company, the Committee may determine additional rules and procedures to govern it or any of its subcommittees, including designation of a chairperson *pro tempore* in the absence of the chairperson and designation of a secretary of the Committee or any meeting thereof.

IV. Accountability of the Independent Auditors

The independent auditors are accountable and shall report directly to the Committee. The Committee shall have the sole authority and responsibility with respect to the selection, appointment, engagement, compensation, oversight, evaluation, retention and, where appropriate, dismissal of the Company's independent auditors. The Committee, or a member thereof with designated authority, must pre-approve any services provided to the Company by the independent auditors. Specific Committee pre-approval of audit and non-audit services is not required if the engagement for services is entered into pursuant to pre-approval policies and procedures established by the Committee. The chairperson of the Committee has the authority to

grant pre-approvals, provided they are within the scope of a pre-approval policy adopted by the Committee and the pre-approval is presented to the Committee at a subsequent meeting.

V. Authority and Responsibilities

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. The Committee may form and delegate some or all of its authority to subcommittees when it deems appropriate. The Committee shall have the authority to retain professional advisors, including special legal counsel, accounting experts or other consultants, to advise the Committee, which may be the same as or different from the Company's primary legal counsel, accounting experts, and other consultants as the Committee deems necessary or advisable in connection with the exercise of its powers and responsibilities as set forth in this Charter, all on such terms as the Committee deems necessary and advisable. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to attend a meeting of the Committee or to meet with any member of or advisor or consultant to the Committee.

The Committee shall be responsible for the resolution of any disagreements between the independent auditors and management regarding the Company's financial reporting.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of (a) compensation to the independent auditors employed by the Company for the purpose of rendering or issuing an audit report, review, or attestation services, (b) compensation and reimbursement of expenses to any special legal counsel, accounting experts, or other consultants employed by the Committee, and (c) ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its duties.

Without limiting the generality of the foregoing statements, the Committee shall have authority, including budgetary and fiscal authority, and is entrusted with the responsibility to perform the following actions:

1. Independent and Internal Auditors

- Annually select and engage the Company's independent auditors retained to audit the financial statements of the Company, with such selection to be submitted to the stockholders for ratification if the Board so chooses.
- Review and evaluate the performance of the independent auditors, including the lead partner, and present the Committee's conclusions to the Board.
- Approve any proposed discharge of the independent auditors when the Committee determines that circumstances warrant the discharge.
- Meet with management, the independent auditor, and the internal auditors in connection with each annual audit to discuss the scope of the audit, the procedures to be followed, and the staffing of the audit.
- Review the fee estimates of the independent auditors' auditing services (including comfort letters) and non-audit services, and pre-approve such services to the extent required under this Charter, applicable legal, regulatory, or Nasdaq listing requirements.

- Ensure that the lead audit partner and reviewing audit partner of the Company's independent auditors are rotated at least as frequently as required by law.
- Set clear hiring policies for employees or former employees of the Company's independent auditors, as required by applicable law and regulation.
- In order to assess the auditors' independence, at least annually discuss the independence of the independent auditors with its representatives, and obtain and review a written statement prepared by the independent auditors describing all relationships between the independent auditors and the Company, consistent with applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the audit committee concerning independence, and consider the effect that any relationships or services may have on the objectivity or independence of the independent auditors.
- Review and approve the appointment, termination, or replacement by management of one or more employees having primary responsibility for the Company's internal audit function or, at the discretion of the Committee, select and contract with outside auditors to perform the internal audit function.
- Approve the scope of the duties and oversee the activities of the internal auditors, who shall report directly to the Committee.
- Meet periodically with a representative of the Company's internal auditors to discuss the responsibilities, budget, and staffing of the Company's internal audit function.

2. Review

- Periodically obtain and review reports from the independent auditors that include (i) all critical accounting policies and practices used, (ii) all other treatments of financial information within GAAP that have been discussed with management, their ramifications, and the preferences of the independent auditors, and (iii) other material written communications between the independent auditors and management.
- Review any analyses prepared by management or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of other GAAP methods on the financial statements.
- Review with management and the independent auditors the Company's quarterly or annual financial information including matters required to be reviewed under applicable legal, regulatory or Nasdaq requirements prior to the filing of the Company's Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as the case may be, or prior to the release of earnings.
- Discuss generally with financial management the types of financial

information to be disclosed in the Company's earnings releases, including the use of "pro forma" or "adjusted" non-GAAP financial measures, as well as the types of financial information and earnings guidance, if any, provided to the public or rating agencies.

- Review and discuss with management and the independent auditors the disclosures made in management's discussion and analysis of financial condition and results of operations in any of the Company's Quarterly Reports on Form 10-Q or Annual Reports on Form 10-K.
- Upon completion of any annual audit, meet with the independent auditors and management and review the Company's financial statements and related notes, the results of the audit, any report or opinion rendered in connection therewith, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, any significant disagreements with management concerning accounting or disclosure matters, and any significant adjustment proposed by the independent auditors.
- Review and discuss with management and the independent auditors the Company's report on internal control over financial reporting and the auditor's attestation report (if any) on the effectiveness of the Company's internal control over financial reporting.
- Regularly review with the Company's independent auditors any audit problems or difficulties and management's response.
- Review and consider with the independent auditors and management the matters required to be discussed by Auditing Standard No. 16 (Communications with Audit Committees) and any other applicable accounting and auditing standards regarding matters to be communicated to the Committee.
- Make a recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K, and prepare annually the report that the SEC rules require be included in the proxy statement relating to the Company's annual meeting of stockholders.
- Review any disclosures provided by the Chief Executive Officer, the Chief Financial Officer or the Chief Accounting Officer to the Committee regarding significant deficiencies and material weaknesses in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data, and review any special audit steps adopted in light of any such control deficiencies or weaknesses.
- At least annually, obtain and review a report by the independent auditors describing the independent auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors' firm, or by

any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm; and any steps taken to deal with any such issues.

- Periodically meet with the internal auditors and review their regular internal reports to management, the progress of activities, any findings of major significance stemming from internal audits, and any issues that the internal auditors believe warrant the Committee's attention.
- Review the effect of regulatory and accounting initiatives, as well as off- balance sheet structures, on the Company's financial statements.

3. Financial Reporting Processes

- Periodically discuss separately with management, the independent auditors and the internal auditors, as appropriate, the adequacy and integrity of the Company's accounting policies and procedures and internal accounting controls, the completeness and accuracy of the Company's financial disclosures, and the extent to which major recommendations made by the independent auditors or the internal auditors have been implemented or resolved.
- Consider and approve, if appropriate, significant changes in the Company's selection and application of auditing and accounting principles and practices, if and as suggested by the independent auditors, management, or the internal auditors.

4. Process Improvement

- Establish regular systems of reporting to the Committee regarding any significant judgments made in management's preparation of the financial statements and, when appropriate, discuss the view of management and the independent auditors as to the appropriateness of such judgments.
- Discuss with management and the internal auditors policies with respect to risk assessment and risk management.
- Regularly apprise the Board of significant developments in the course of performing these duties.

5. Ethical and Legal Compliance

- Establish procedures for (i) the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters, (ii) the receipt, retention and treatment of complaints regarding potential violations of applicable laws, rules and regulations, or of the Company's codes, policies and procedures, and (iii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters or potential violations of applicable laws, rules and regulations or of the Company's codes, policies and procedures.
- Review any disclosures provided by the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, the Chief Legal

Officer or the Chief Compliance Officer to the Committee regarding any fraud, including that which involves management or other employees who have a significant role in the Company's internal controls.

- Discuss, as appropriate, with management and the independent auditors any correspondence from or with regulators or governmental agencies or any published reports that raise material issues about the Company's financial statements, financial reporting process, accounting policies or internal audit function.
- Request assurances from management, the independent auditors and the Company's internal auditors that any foreign subsidiaries and foreign affiliated entities, if any, operate in conformity with applicable legal requirements, including disclosure of affiliated party transactions.
- Where appropriate and at its discretion, investigate or direct or delegate the investigation of any matter brought to its attention, which may include reviewing the books and records of the Company and interviewing the Company's officers or employees.
- Review management's monitoring of the Company's compliance programs and other systems in place designed to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy applicable legal, regulatory or Nasdaq requirements.
- Review with the Company's Chief Legal Officer or other in-house or outside legal counsel any legal matter that could have a significant effect on the Company's financial statements, including pending litigation, and other legal and compliance areas as appropriate.
- Review with management and, when necessary, the independent auditors, the Company's policies and procedures with respect to maintaining books, records and accounts and a system of internal accounting controls in accordance with Section 13(b)(2) of the Securities Exchange Act of 1934.
- Review from time to time, as appropriate, with the Company's Chief Legal Officer the Company's policies relating to ethics (including the code of ethics applicable to the principal executive officer, principal financial officer and principal accounting officer or controller), business conduct, and legal compliance, and the enforcement of those policies.

6. Actions Prior to Certain Form 8-K Filings

- Review with management, if management is considering whether a material charge for impairment to the Company's assets is required by GAAP and such a determination would require that the Company file a Current Report under Item 2.06 of Form 8-K promulgated under the Securities Exchange Act of 1934, the facts and circumstances supporting the relevant analysis, which review shall be conducted before management concludes that such a material charge is required.

- Consider and conclude, for purposes of Item 4.02 of Form 8-K promulgated under the Securities Exchange Act of 1934, whether any previously issued financial statements should no longer be relied upon.

7. General

- Perform any other activities consistent with this Charter, the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, the rules of the Nasdaq applicable to its listed companies, and governing law as the Committee or the Board deems necessary or appropriate.

VI. Website Posting

The Company will make this Charter available on or through the Company's website. In addition, the Company will disclose in its proxy statement for its annual meeting of stockholders or in its Annual Report on Form 10-K, as appropriate, that a copy of this Charter is available on the Company's website and will provide the website address.

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Although the Committee members have the duties and responsibilities set forth in this Charter, nothing in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the Committee members, except to the extent otherwise provided under federal or state law. In addition, nothing in this Charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by Committee members on reports or other information provided by others.