



Otsuka Pharmaceutical Co., Ltd.

## For Immediate Release

### Acucela and Otsuka Pharmaceutical Enter Co-Development Agreement for ACU-4429 in Dry Age Related Macular Degeneration

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**BOTHELL, WA and TOKYO, JAPAN (September 4, 2008)** -- Acucela Inc. and Otsuka Pharmaceutical Co., Ltd. announced today that they have entered into a definitive agreement to co-develop Acucela's lead compound ACU-4429 which is currently in Phase I clinical development for the dry form of age-related macular degeneration (AMD) in the United States.

Under the agreement, the parties will co-develop ACU-4429 in dry AMD as well as other potential indications in North America. Upon commercialization of ACU-4429, the parties may co-promote the product in North America and equally share all expenses and profits from sales of the product in North America. Acucela retains all rights to ACU-4429 in Europe, and Otsuka owns the exclusive development and commercialization rights to the product in Asia and selected markets in the rest of the world.

Otsuka shall pay Acucela a \$5 million cash upfront payment, and potential milestone payments totaling \$258 million. In addition, Otsuka will fund all clinical development activities through Phase II clinical testing. Beginning with Phase III clinical testing, the parties will share equally in all future clinical development expenses. Otsuka will provide Acucela with a loan facility to enable it to fund its share of the development expenses through to launch of the product in North America.

"We are pleased to be partnering with Acucela. Acucela's proprietary drug discovery platform fits well within our emerging ophthalmology franchise," commented Taro Iwamoto, Ph.D., president and representative director of Otsuka Pharmaceutical Co., Ltd. "Dry AMD causes progressive deterioration of visual function including narrowed vision and in many cases loss of eyesight, leading to severe impairment of one's quality of life. At the current time there are no approved therapies for this debilitating disease that afflicts tens of millions of patients worldwide. We are hopeful that Otsuka and Acucela will learn and work together, and to be successful in developing ACU-4429 as an efficacious treatment for dry AMD," added Dr. Iwamoto.

“Otsuka is an ideal partner for Acucela, as we believe that their strong international presence and commercialization expertise will enable us to maximize the product development opportunity that lies ahead of us for ACU-4429,” commented Ryo Kubota, M.D., Ph.D., chief executive officer of Acucela. “The prevalence of dry AMD is expected to double in the next 20 years with the increase in the aging population, and given that there is no effective or approved treatment for this disease, we believe that ACU-4429 has the potential to play a prominent role in the treatment of patients with dry AMD,” added Dr. Kubota.

Acucela was advised in the transaction by Posada & Associates, Inc, with Wilson, Sonsini, Goodrich and Rosati providing legal counsel to the company.

#### **About ACU-4429**

ACU-4429 is small molecule non-retinoid visual cycle modulator. The compound is expected to slow the regeneration of 11-cis-retinal in the retina, and has been demonstrated to have beneficial effect in several preclinical models of retinal degeneration by stopping the accumulation of retinoid-related toxic byproducts including A2E. A2E is known for its toxicity to retinal cells and activates complement factor, which is also believed to play a significant role in the pathogenesis of AMD.

#### **About Dry Age-Related Macular Degeneration**

AMD afflicts over 20 million people worldwide and is segmented into “dry” and “wet” forms of the disease. Dry AMD accounts for approximately 90 percent of the total AMD population, and unlike wet AMD, there are no approved therapies for the disease, which is currently the leading cause of vision loss in people over 50 in the United States.

#### **About Otsuka Pharmaceutical Co., Ltd.**

Founded in 1964, Otsuka Pharmaceutical Co., Ltd. is a global healthcare company with the corporate philosophy: 'Otsuka-people creating new products for better health worldwide.' Otsuka researches, develops, manufactures and markets innovative and original products, with a focus on pharmaceutical products for the treatment of diseases and consumer products for the maintenance of everyday health. Otsuka is committed to being a corporation that creates global value, adhering to the high ethical standards required of a company involved in human health and life, maintaining a dynamic corporate culture, and working in harmony with local communities and the natural environment. The Otsuka Pharmaceutical Group comprises 106 companies and employs approximately 33,000 people in 18 countries and regions worldwide. Otsuka and its consolidated subsidiaries earned ¥928.4 billion (approx. US \$9.2 billion\*) in annual revenue in fiscal year ended in March 2008.

For more information on Otsuka please visit the company's web site at [www.otsuka-global.com](http://www.otsuka-global.com)

\*Exchange rate as of the end of March 2008.

#### **About Acucela**

Acucela is a private biotechnology company focused on discovering treatments for blinding eye diseases. Acucela has developed proprietary screens for discovering small molecules which have potential applications in several different ophthalmologic disorders such as dry AMD, diabetic retinopathy, and Stargardt disease. Through its proprietary approach and medicinal chemistry team Acucela has discovered a portfolio of small molecules which are orally available and show promise in various preclinical models of major blinding eye diseases. For more information on Acucela please visit the company's web site at [www.acucela.com](http://www.acucela.com).

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