



For Immediate Release

Acucela and Otsuka Pharmaceutical Enter Co-Development Agreement for Rebamipide Ophthalmic Suspension for Dry Eye

Contact:

For Otsuka Pharmaceutical Co.,Ltd.
Hideki Shirai
Public Relations Department
siraih@otsuka.jp

For Acucela Inc.
Sayuri Refsland
Investor Relations
+1-425-527-3272
sayuri@acucela.com

Kiera Kelly
Media
+1-773-975-3538
kiera.kelly@k2-pr.com

BOTHELL, WA and TOKYO, JAPAN (September 4, 2008) -- Acucela Inc. and Otsuka Pharmaceutical Co., Ltd. today announced that they have entered into a definitive agreement to co-develop Rebamipide ophthalmic suspension (hereinafter, Rebamipide), Otsuka's proprietary compound for the treatment of dry eye which is currently in Phase III clinical development in the United States.

Under the agreement, the parties will collaborate in the clinical development efforts for Rebamipide in the United States, with Acucela spearheading the regulatory strategy to gain approval for the product in the United States. Upon regulatory approval of Rebamipide, the parties may negotiate the terms under which Acucela may co-promote Rebamipide with Otsuka in the United States.

Otsuka shall pay Acucela a cash upfront payment as well as clinical development milestones and a royalty on sales of the product. Otsuka shall be responsible for all clinical development and commercialization expenses.

"We are delighted to enter into co-development of Rebamipide ophthalmic suspension with Acucela. Acucela is widely known for its expertise and innovation in the field of ophthalmology," commented Taro Iwamoto, Ph.D., president and representative director of Otsuka Pharmaceutical Co., Ltd. "With this strategic collaboration, Otsuka and Acucela will further expand their commitment to improve the treatment for the millions of patients that suffer from dry eye symptoms," added Dr. Iwamoto.

"We are excited to broaden our strategic relationship with Otsuka through our work on this promising Phase III product," commented Ryo Kubota, M.D., Ph.D., chief executive officer of Acucela. "Rebamipide has shown promising clinical activity in clinical trials to date and we believe the product has exceptional potential as a new therapy for the treatment of dry eye, one of the most common problems treated by optometrists," 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 Rebamipide Ophthalmic Suspension

Rebamipide is a novel compound synthesized by Otsuka Pharmaceutical Co., Ltd. Rebamipide ophthalmic suspension has a new mechanism of action, which is to increase the level of mucin in the tear covering the conjunctiva and cornea. It is expected to be effective in dry eye treatment by stabilizing the tear film and leading to improvement of the corneal-conjunctival damage associated with dry eye.

About Dry Eye

Dry eye syndrome is one of the most common problems treated by eye physicians. Over ten million Americans suffer from dry eyes. It is usually caused by a problem with the quality of the tear film that lubricates the eyes. Dry eye syndrome has many causes. One of the most common reasons for dryness is simply the normal aging process. As we grow older, our bodies produce less oil – 60 percent less at age 65 than at age 18. The oil deficiency also affects the tear film. Without as much oil to seal the watery layer, the tear film evaporates much faster, leaving dry areas on the cornea.

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

*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.

###