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Alacrity Biosciences Announces Positive Results from a Phase 2 Study of Its Dry Eye Treatment ALTY-0501

Phase 2 Drug Candidate Protects the Ocular Surface Following Exposure to Controlled Adverse Environment, Reduces Dry Eye Symptoms

LAGUNA HILLS, Calif., Oct. 9, 2007 – Alacrity Biosciences today announced that its dry eye treatment, ALTY-0501, demonstrated statistically significant advantages over vehicle in its ability to control signs and symptoms of dry eye in a Phase 2 study.

The Phase 2 study utilized the controlled adverse environment (CAE) chamber to measure dry eye patients' ability to withstand a stressful drying environment on the eye, and patient diaries to measure the severity of their dry eye symptoms over the course of the study. Patients were randomized to receive ALTY-0501 or its vehicle four times each day over the course of a 56 day study.

Patients who received ALTY-0501 demonstrated statistically significantly lower scores following CAE exposure for fluorescein staining of the total cornea—a measure of damage to the ocular surface—than those who received vehicle ($p < 0.05$) on day 28. Statistically significant differences from vehicle were also observed with total corneal and conjunctival staining ($p < 0.05$), superior corneal staining ($p < 0.001$) and nasal conjunctival staining ($p < 0.05$).

ALTY-0501 also demonstrated statistically significant advantages compared to vehicle in the patient diary scores measuring the severity of dry eye symptoms over the 56-day study period. Specifically, patient diary scores reflected statistically significantly lower scores for the symptoms of burning ($p < 0.0001$), stinging ($p < 0.0001$), and grittiness ($p < 0.0001$) in the active treated group.

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“We have strong evidence that ALTY-0501 can help control patient signs and symptoms by maintaining the epithelial barrier on the surface of the eye,” said David F. Power, Alacrity’s president and CEO. “We plan to discuss the Phase 2 data and confirm our Phase 2b/3 strategy with the FDA in the fourth quarter of 2007. Our intent is that these discussions will allow us to initiate Phase 3 clinical trials early in 2008 with a clear path for regulatory approval.”

Stephen Pflugfelder, MD, an expert in dry eye at Baylor College of Medicine in Houston added: "The results of this study add to the growing body of evidence that topical doxycycline therapy could be an important new treatment modality for patients with dry eye disease."

The 160-patient Phase 2 trial was a 56-day, double-masked, randomized, parallel-group study designed to assess the safety and efficacy of ALTY-0501. Patients with dry eye disease were exposed to a controlled adverse environment on day 1 and asked to self-administer either ALTY-0501 eye drops or vehicle eye drops (placebo) four times per day. Patients were subsequently exposed to the controlled adverse environment on days 28 and 56. Environmental damage was measured by fluorescein staining. Symptoms were assessed daily in patient diaries throughout the study period.

ALTY-0501 is a proprietary topical formulation of 0.025% doxycycline in a non-antimicrobial dose which acts to inhibit matrix metalloproteinase-9 (MMP-9). It provides effective concentrations of the drug directly to ocular surface cells of patients suffering from dry eye disease. By inhibiting MMP-9, ALTY-0501 is expected to prevent the disruption of the epithelial barrier on the ocular surface. Alacrity acquired the worldwide rights to the drug candidate from the University of Miami when the company was formed in 2005.

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Alacrity is a clinical stage pharmaceutical company focused exclusively on developing and commercializing differentiated therapeutics to address unmet needs in the most significant ophthalmic diseases. For more information, visit www.alacritybio.com.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as “anticipates” “expects,” “plans,” “believes,” “intends” and similar words or phrases. Such statements involve risks and uncertainties that could cause Alacrity Biosciences’ actual results to differ materially from the anticipated results and expectations expressed in these forward-looking statements. These statements are only predictions based on current information and expectations and involve a number of risks and uncertainties. Actual events or results may differ materially from those projected in any of such statements due to various factors, including the risks and uncertainties inherent in clinical trials, and drug development and commercialization. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. This caution is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All forward-looking statements are qualified in their entirety by this cautionary statement and Alacrity Biosciences undertakes no obligation to revise or update this press release to reflect events or circumstances after the date hereof.

Editors Note: Alacrity Biosciences will present at 12:30 p.m. PDT on Thursday, Oct. 11, 2007, at the BIO InvestorForum in San Francisco.

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