



DURECT Corporation Acquires IntraEAR, Inc.

Pharmaceutical Firm Accelerates Activities in Ear Disorders Area

Cupertino, California – PRNewswire — DURECT Corporation, a pioneer in drug therapy treatments employing continuous drug delivery technology, today announced that it has acquired substantially all of the assets of IntraEAR, Inc. of Denver, CO. Specific terms of the deal were not announced.

IntraEAR, Inc. was established in 1994 to develop and provide innovative, cost-effective ear related medical devices to the international otology and otolaryngology communities. In 1997, IntraEAR received FDA Approval for and launched the Round Window (Cath), an accurate and controllable drug delivery catheter that targets the round window niche of the ear to treat inner ear disorders.

"IntraEAR has done an outstanding job of establishing their proprietary and innovative drug delivery products to treat unmet medical needs for ear disorders such as Meniere's disease, tinnitus, and sudden hearing loss, with hundreds of patients treated to date," said Jim Brown, CEO of DURECT.

This acquisition broadens DURECT's product offering as it continues clinical development for its leading chronic pain product line using DUROS® technology. The DUROS® delivery system is a small, titanium cylinder, designed to enable continuous dosing over months or years, depending on the indication. The system is implanted subcutaneously in an outpatient setting under a local anesthetic. Site-specific delivery is achieved via a catheter targeting the desired site. By enabling long-term, controlled release of drugs, the DUROS® delivery system has the potential to eliminate multiple injection therapies. Products using this technology may enhance patient compliance, reduce side effects and improve efficacy by eliminating fluctuating drug concentrations within the body, as well as improve a patient's quality of life.

The acquisition also represents DURECT's first inroad into direct product sales in the U.S., with additional sales efforts through distributors in 19 countries outside the U.S. The commercial activities of IntraEAR will relocate to DURECT's headquarters in Cupertino, CA. "We remain committed to the patients and innovative physicians in the ear disorders area who have benefited from and continue to support IntraEAR's products and ideas. We are excited to combine the proprietary drug delivery technology of IntraEAR with our efforts to improve therapeutic outcomes for the thousands of under-served patients suffering from debilitating ear disorders," said Felix Theeuwes, Chief Scientific Officer and Chairman of the Board of DURECT.

"We are extremely pleased with the progress IntraEAR has made in establishing continuous local drug delivery as a viable treatment for ear disorders," said Dr. I. Kaufman Arenberg, former President and Chairman of the Board of IntraEAR. "Combining IntraEAR and DURECT technologies establishes a unique proprietary position that will ensure the continued growth and acceptance of these innovative products and therapies."

About DURECT Corporation

Established in June of 1998 following completion of a technology licensing agreement with ALZA Corporation (NYSE: AZA – news), DURECT is focused on rapidly bringing to market therapies requiring continuous drug dosing. Under the license agreement with ALZA, DURECT has exclusive rights to use ALZA's DUROS® implant technology in several fields. In addition, DURECT has a number of patents filed and in process that extend the company's proprietary technology base.

In August, DURECT announced a \$20 million Preferred Stock placement led by Brookside Capital, a Bain Capital Fund. Additional investors include J.P. Morgan Investment Management, Zesiger Capital Group LLC, Collinson Howe & Lennox, SOFINOV, Premier Medical Partners Fund L.P., Hambrecht and Quist LLC and Alejandro Zaffaroni.