



Pharmaceutical Firm Developing Therapies for Promising New Drug Delivery System

PRNewswire — DURECT Corporation, a pioneer in drug therapy treatments employing subcutaneous delivery technology, today announced the closing of a \$20 million private placement of preferred convertible stock. The Series B placement led by Brookside Capital, a Bain Capital Fund, is DURECT's second round of funding. Additional investors include J.P. Morgan Investment Management, Collinson Howe & Lennox, and SOFINOV, a subsidiary of the Caisse de depot et placement du Quebec.

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 for conditions such as chronic pain. The new funding will enable the emerging growth pharmaceutical company to expand clinical development of its first product and to bring second and third products to the clinical stage, all using ALZA's established DUROS® drug delivery system.

"It's quite a positive statement about our technology and management team to complete a financing round of this size and valuation given the current capital market environment for life science companies," said CFO and co-founder Tom Schreck. "This financing allows us to expand our clinical efforts and validates our technology."

DURECT filed its first Investigational New Drug (IND) application with the U.S. Food and Drug Administration within six months of its initial funding of \$9.4 million in June, 1998. DURECT's lead product, intended for the systemic treatment of chronic pain, is currently in Phase I clinical trials.

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 plasma concentrations, as well as improve a patient's quality of life. 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.

First generation products developed by DURECT will combine this technology with off-patent pharmaceutical drugs, to create new value-added medical therapeutics for both site-specific and systemic delivery.

DURECT is able to leverage ALZA's significant investment in a proven technology. The first New Drug Application (NDA) of a DUROS® product, ALZA's Viadur(TM) for the palliative treatment of prostate cancer, was submitted in May of this year. 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. Initial investors include Zesiger Capital Group LLC, Premier Medical Partners Fund L.P., Hambrecht and Quist LLC and Alejandro Zaffaroni. ALZA Corporation acquired an equity stake in the Company pursuant to the technology licensing agreement. Hambrecht & Quist assisted the Company in the Series B financing.

DURECT was founded by Felix Theeuwes, former Chief Scientific Officer and President, New Ventures at ALZA Corporation, Jim Brown, former Vice President, Biopharmaceutical Implant Unit at ALZA Corporation, and Tom Schreck, former President, Schreck Merchant Group, Inc.