



DURECT Plans to Reduce Convertible Debt Balance by \$5 Million

CUPERTINO, Calif., July 22 /PRNewswire-FirstCall/ — DURECT Corporation (Nasdaq: DRRX) announced today that the Company has entered into a privately negotiated agreement with a holder of its 6.25% Convertible Subordinated Notes, due June 2008, to exchange up to \$5 million in principal amount of convertible notes for 317,4603 shares of common stock per \$1,000 principal amount as originally defined in the indenture, plus additional shares to compensate the note holder for early exchange.

“We continue to look for ways to proactively manage our capital structure and to increase the value of DURECT. We have taken this opportunity to retire a portion of our outstanding convertible notes and believe that this transaction strengthens our financial position by reducing our debt and interest liability, as well as further reducing our corporate cash burn,” stated James E. Brown, DVM, President and CEO of DURECT.

The Company may enter into similar transactions from time to time with holders of its convertible notes if the Company is able to do so on acceptable terms and depending on capital market conditions. The issuance of the common stock in this transaction is exempt from the registration requirements of the Securities Act of 1933 under Section 3(a)(9) of the act.

About DURECT Corporation

DURECT Corporation is an emerging specialty pharmaceutical company focused on the development of pharmaceutical systems based on its proprietary drug delivery platform technologies that treat chronic debilitating diseases and enable biotechnology products. These platform technologies include the SABER(TM) Delivery System (a patented and versatile depot injectable useful for protein and small molecule delivery), the ORADUR(TM) sustained release oral gel-cap technology (an oral sustained release technology with several potential abuse deterrent properties), the DURIN(TM) Biodegradable Implant (drug-loaded implant system), the TRANSDUR(TM) transdermal technology and the MICRODUR(TM) Biodegradable Microparticulates (microspheres injectable system). DURECT also collaborates with pharmaceutical companies to develop and commercialize proprietary and enhanced pharmaceutical products based on its technologies. DURECT has five disclosed on-going development programs of which four are in collaboration with pharmaceutical partners. Additional information about DURECT is available at www.durect.com.

NOTE: SABER(TM), ORADUR(TM), DURIN(TM), TRANSDUR(TM) and MICRODUR(TM) are trademarks of DURECT Corporation. Other referenced trademarks belong to their respective owners.

DURECT Forward-Looking Statement

The statements in this press release regarding DURECT's products in development, product development plans and projected financial results are forward-looking statements involving risks and uncertainties that can cause actual results to differ materially from those in such forward-looking



statements. Potential risks and uncertainties include, but are not limited to, DURECT's (and that of its third party collaborators where applicable) abilities to complete the design, development, and manufacturing process development of the product candidate, obtain product and manufacturing approvals from regulatory agencies and manufacture and commercialize the product candidate, as well as marketplace acceptance of the product candidate. Further information regarding these and other risks is included in DURECT's Quarterly Report on Form 10-Q for the period ended March 31, 2005 filed with the SEC on May 6, 2005 under the heading "Factors that may affect future results."

SOURCE DURECT Corporation

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