



Developing products to treat
chronic debilitating disease
& technologies that
enable biotechnology products

DURECT Corporation

A Specialty Pharmaceuticals Company

- *delivering drug in the right amount, to the right place, at the right time*

May 4, 2012

Forward-Looking Statements

The statements in this presentation regarding DURECT's and its collaborative partners' products in development, anticipated product benefits, anticipated product markets, clinical trial results and plans, DURECT's future business plans and projected financial results and DURECT's emergence as a specialty pharmaceutical company 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 successfully enroll and complete clinical trials, complete the design, development, and manufacturing process development of the product candidates, obtain product and manufacturing approvals from regulatory agencies and manufacture and commercialize the product candidates and marketplace acceptance of the product candidates, as well as DURECT's ability to fund its growth and operations. Further information regarding these and other risks is included in DURECT's most recent Quarterly Report on Form 10-Q filed with the SEC under the heading "Risk Factors."

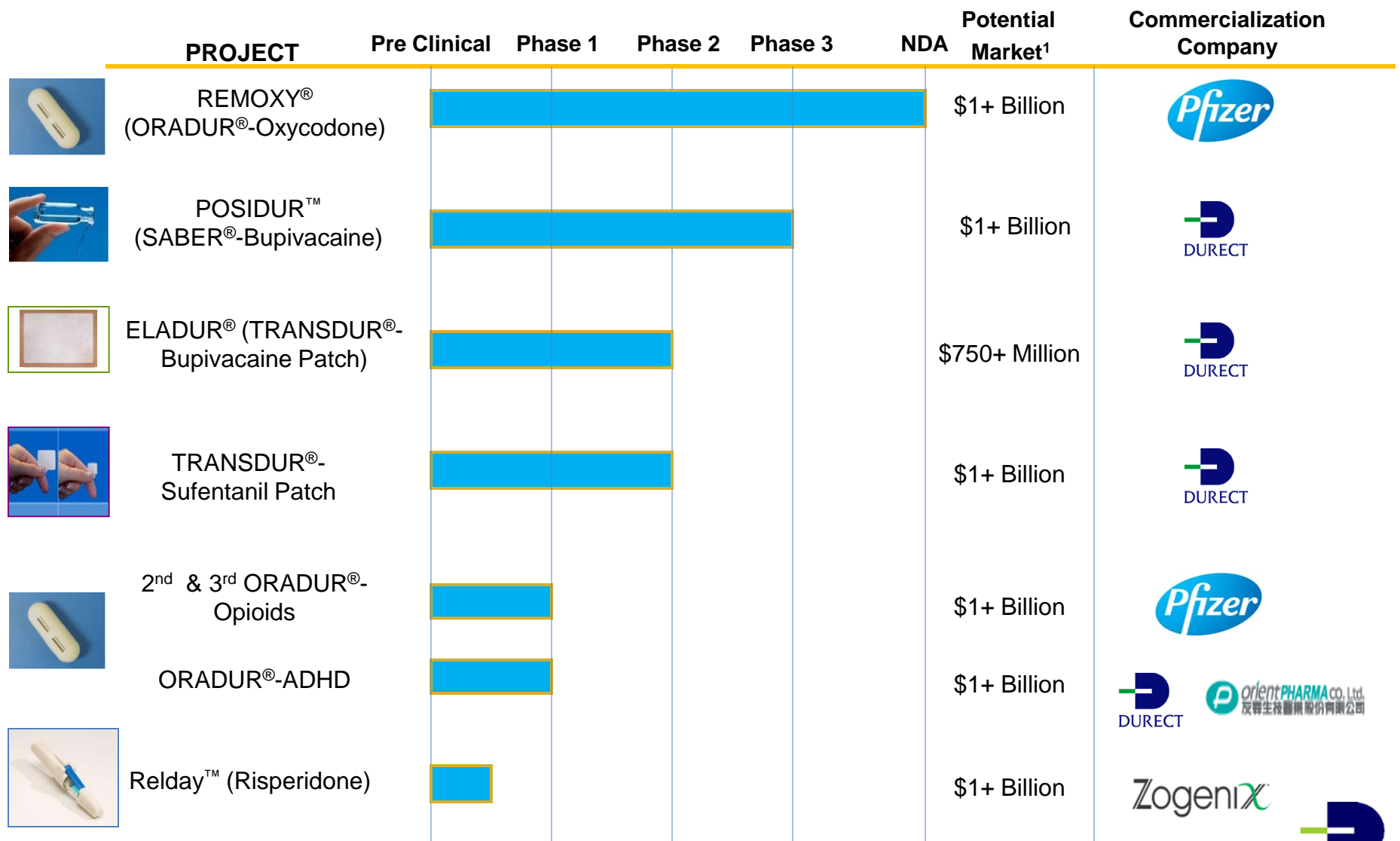
DURECT Corporation

Building a Leading Specialty Pharmaceutical Company

- Compelling “Sum of the Parts”
 - Multiple late stage programs in the pipeline
 - Differentiated products – better than existing therapeutics
 - Addressing large market opportunities (\$1 B+)
 - Strong partner with solid economics
 - Pfizer
 - \$110 MM potential milestones from all partnerships
 - Royalties into double digits
 - Retained rights to selected programs
 - ALZET[®] and LACTEL[®] product lines – solid cash flow contributors

Diversified and Mature Development Pipeline

Multiple Products and Partnerships to Drive Value



1) Estimates for potential market opportunities are based on publicly available information, research reports and company reports

Opioid Prescriptions and Abuse on the Rise

- Chronic pain affects 116 million Americans ¹
- Opioids are the most commonly prescribed drugs in the U.S. ²
 - Prescriptions grew nearly 50% from 2000-2009
 - 4 million Americans per year are prescribed a long-acting opioid
- Abuse of opioids is the 2nd leading cause of accidental death in the U.S. (after car crashes) ¹

1. Institute of Medicine, 2011 survey of U.S. adults reporting that they had pain in the past three months

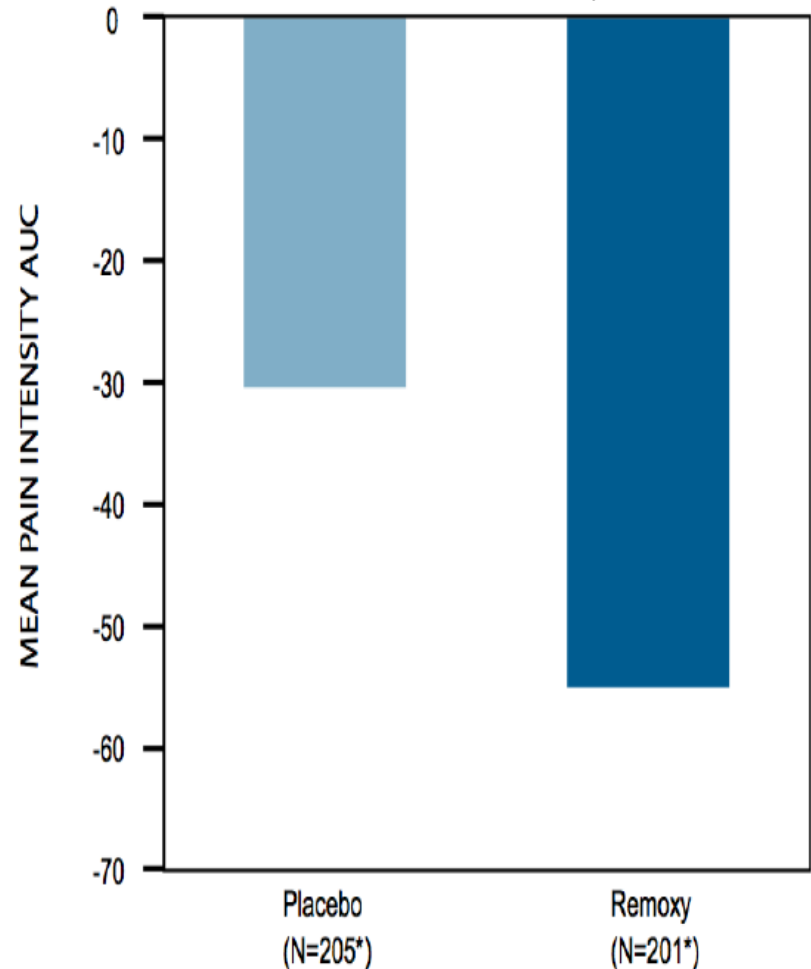
2. Archives of Internal Medicine, 2011: Office of National Drug Control Policy

ORADUR[®]-Opioids

REMOXY[®]: Successful 412 Patient Pivotal Phase 3 Clinical Trial¹

- Met Primary Endpoint:
 - Reduction in pain scores over 3 months compared to placebo ($p < 0.01$)
- Met Secondary Endpoints:
 - Quality of Analgesia ($p < 0.01$)
 - Global Assessment ($p < 0.01$)
- Safe and well tolerated:
 - Most AE's were typical opioid related AE's and mild or moderate in severity

Mean Reduction of Pain Intensity over 12 weeks



1) As disclosed by King Pharmaceuticals and Pain Therapeutics. 12 week study conducted under SPA with 412 patients (six patients were excluded from the analysis shown above: two were randomized but did not receive study drug and four recorded only one PI score after randomization and AUC could not be calculated).

ORADUR[®]-Opioids REMOXY[®]

REMOXY[®]



Crushed



Long Acting
Oxycodone
Tablets



Intact

Crushed



Tamper Resistant

- Snorting 
- Smoking 
- Injecting 
- Dissolving in drinks **Minimal Impact**

ORADUR[®]-Opioids

REMOXY[®] Likeability Study – Met All Pre-specified Primary Endpoints



Pain Medicine 2011; 12: 618–631

The Abuse Potential of Remoxy[®], an Extended-Release Formulation of Oxycodone, Compared with Immediate- and Extended-Release Oxycodone

Beatrice Setnik, PhD,* Carl L. Roland, PharmD,* Jody M. Cleveland, MS,* and Lynn Webster, MD†

- Drug Liking was significantly lower ($p < 0.05$) for REMOXY
 - REMOXY (whole) vs. oxycodone ER (whole) or oxycodone IR
 - REMOXY (chewed) vs. oxycodone ER (crushed) or oxycodone IR
- Time to Peak Drug Liking was significantly delayed ($p < 0.05$) for REMOXY (chewed) vs. oxycodone ER (crushed) or oxycodone IR
- No patient could chew REMOXY for more than 1.5 minutes (mean = 45 seconds) due to taste/texture

ORADUR[®] - Opioids

REMOXY[®]: NDA Status post-CRL on June 23, 2011

- Ian Read, Pfizer CEO
- Q2 earnings call
- Aug 2, 2011

- Ian Read, Pfizer CEO
- Q3 earnings call
- Nov 1, 2011

- Olivier Brandicourt, Pfizer President and GM, Primary Care
- Q4 earnings call
- Jan 31, 2012

".... On REMOXY, **we see it as when, not if.** We're bringing Pfizer's manufacturing pharmacy skills to bear on that, and **it'll be a question of when.**"

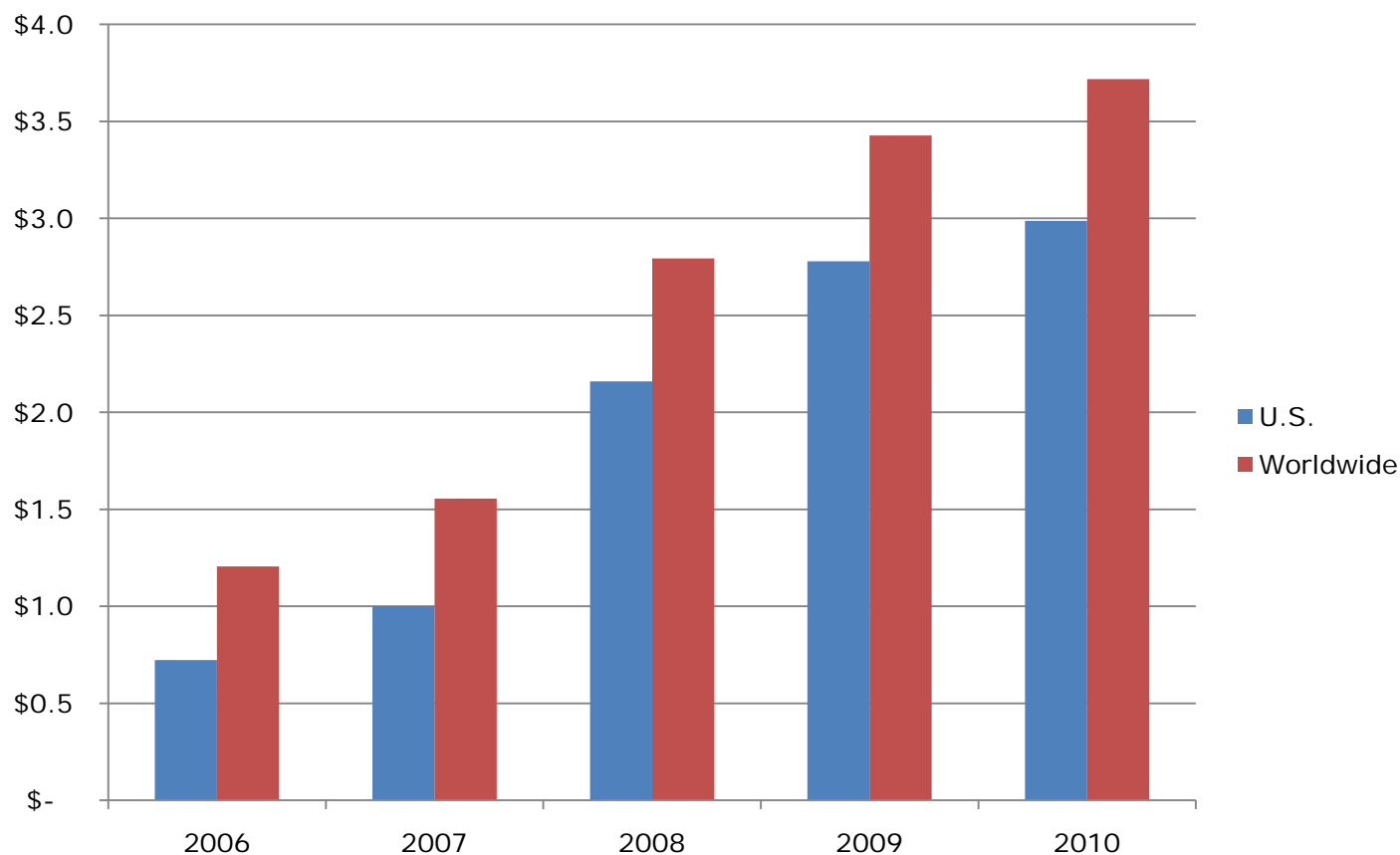
".... we are **continuing to make progress**.....For REMOXY, there are also **several key decision points over the next several months** that will **determine the timing and nature of our response to the FDA's complete response letter.**"

"We have now a **much better understanding of the formulation, the manufacturing controls and what we need as analytical tests** in terms of methods. So in addition to that **we will have to conduct two bioavailability studies** that we will run **during the second quarter this year** and when we will have all this data, we think that will constitute the basis for our engagement with the FDA. **We anticipate meeting with the FDA during the third quarter this year to discuss next steps.**"

REMOXY[®]: Entering a Large and Growing Market

- 116 million chronic pain sufferers in America

OxyContin[®] sales in billions



ORADUR[®] - Opioids

REMOXY[®]: Pfizer as Commercialization Partner



- World's largest pharmaceutical company
 - Preeminent sales & marketing organization, manufacturing and regulatory expertise
 - Ability to exploit products on a worldwide basis
- Pain is a core area of strategic emphasis
 - Part of the \$23 billion Primary Care Division
 - Lyrica[®] (\$3.7 billion), Celebrex[®] (\$2.5 billion)
 - Key component of the King acquisition
- Believers in the need for tamper-resistant products
 - REMOXY is a potential lynchpin in entering the opioid market



Patent Protection for ORADUR® technology

- 4 recently issued patents covering ORADUR® technology platform
 - 3 composition of matter (formulation) patents and 1 covering methods of making opioid containing formulations
- U.S. coverage to at least 2025
- Other pending applications would go to 2028, plus any eligible patent term adjustments and extensions
- EU coverage to at least 2023

REMOXY[®]: Potential Financial Impact to DURECT

(dollars in millions)

- U.S. OxyContin[®] sales in 2010: ~\$3.0 billion
- WW OxyContin[®] sales in 2010: ~\$3.7 billion
- Blended royalties on net sales: 6% to 11.5%

Case Study – U.S. only (in millions)

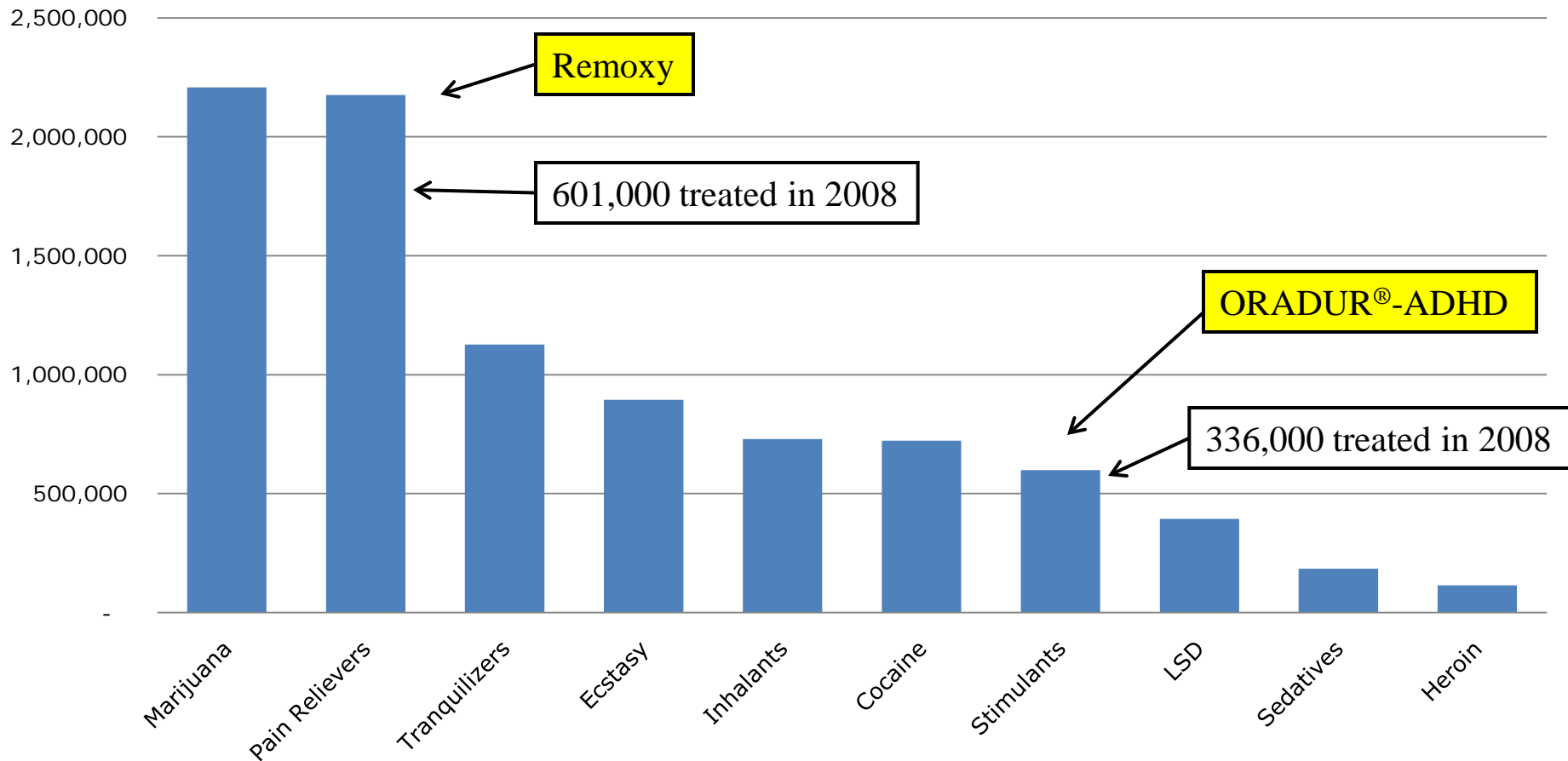
% of 2010 U.S. OxyContin Sales	10%	30%	50%
REMOXY Annual Sales	\$ 299	\$ 896	\$ 1,494
Royalties to DURECT *	<u>\$ 20</u>	<u>\$ 72</u>	<u>\$ 137</u>

* Does not include revenue / profits associated with manufacturing mark-up of key excipients.

Illicit Use of Prescription Meds

A major U.S. healthcare issue

Past Year Initiates for Specific Illicit Drugs Among Persons Aged 12 or Older:
2008



Other ORADUR® Programs

ORADUR®-based Opioids

- Opportunity = >\$1 billion
- Features:
 - Extended release dosing
 - Tamper resistant
 - Hydrocodone, hydromorphone, oxycodone
- 2 candidates have had Phase 1 work, 3rd filed an IND
- Licensed to Pain Therapeutics / Pfizer

ORADUR®-ADHD

- Opportunity = \$4 billion
- Features:
 - Once daily dosing
 - Tamper resistant
 - API not disclosed
- Phase I studies, choosing formulation for Phase II
- Orient Pharma funding through a Phase II study – U.S. and Europe rights retained by DURECT



POSIDUR™: Post-Operative Pain Control

SABER®-Bupivacaine

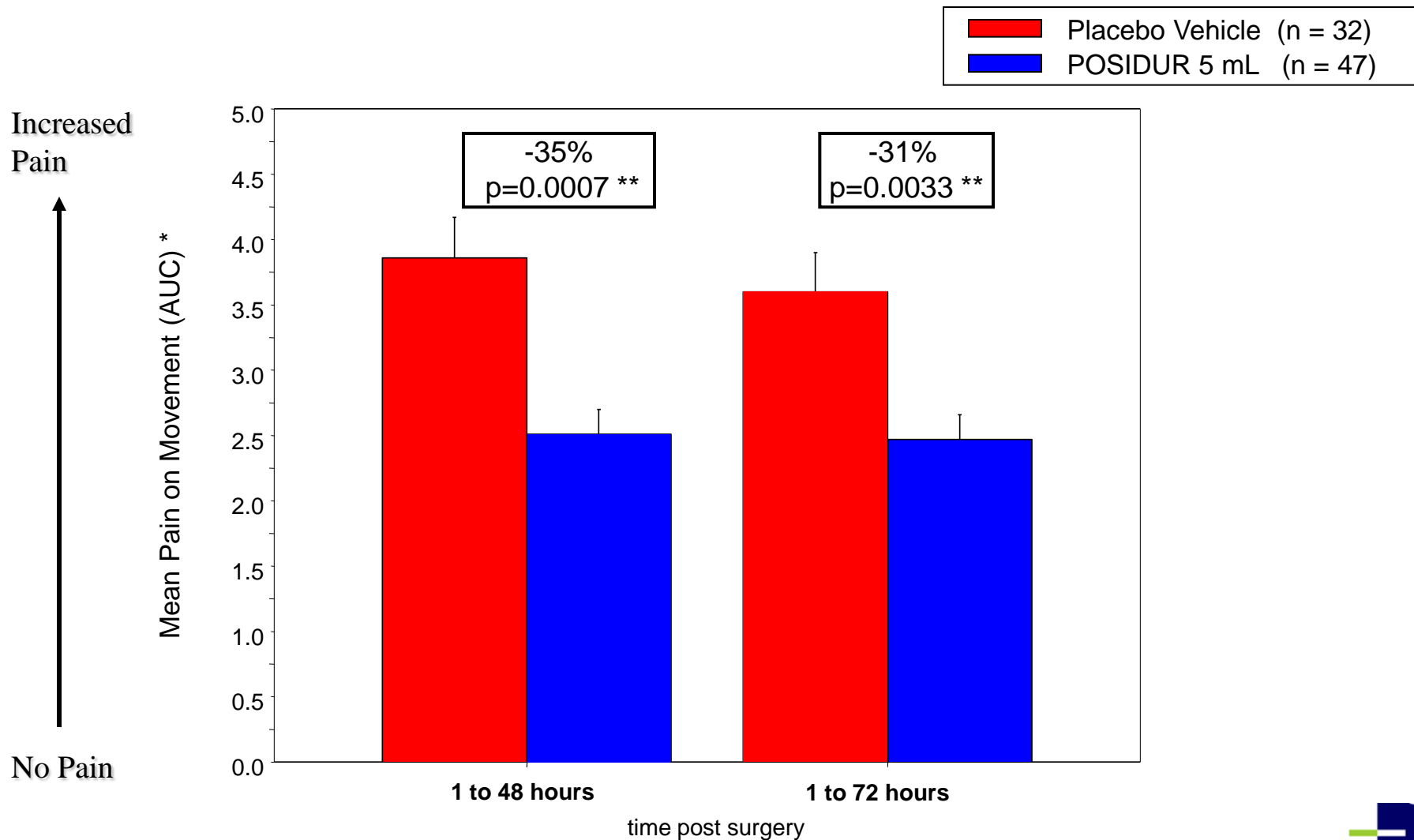


New Paradigm, Post-Op Pain Control

- Designed to control pain locally for 3 days post-surgery
- Added potential benefit: reduce narcotic use and associated side-effects / costs
 - Nausea, vomiting, ileus, constipation, respiratory suppression
 - Potential for earlier hospital discharge

POSIDUR™: Phase 2b Hernia Study

Reduction in Pain on Movement

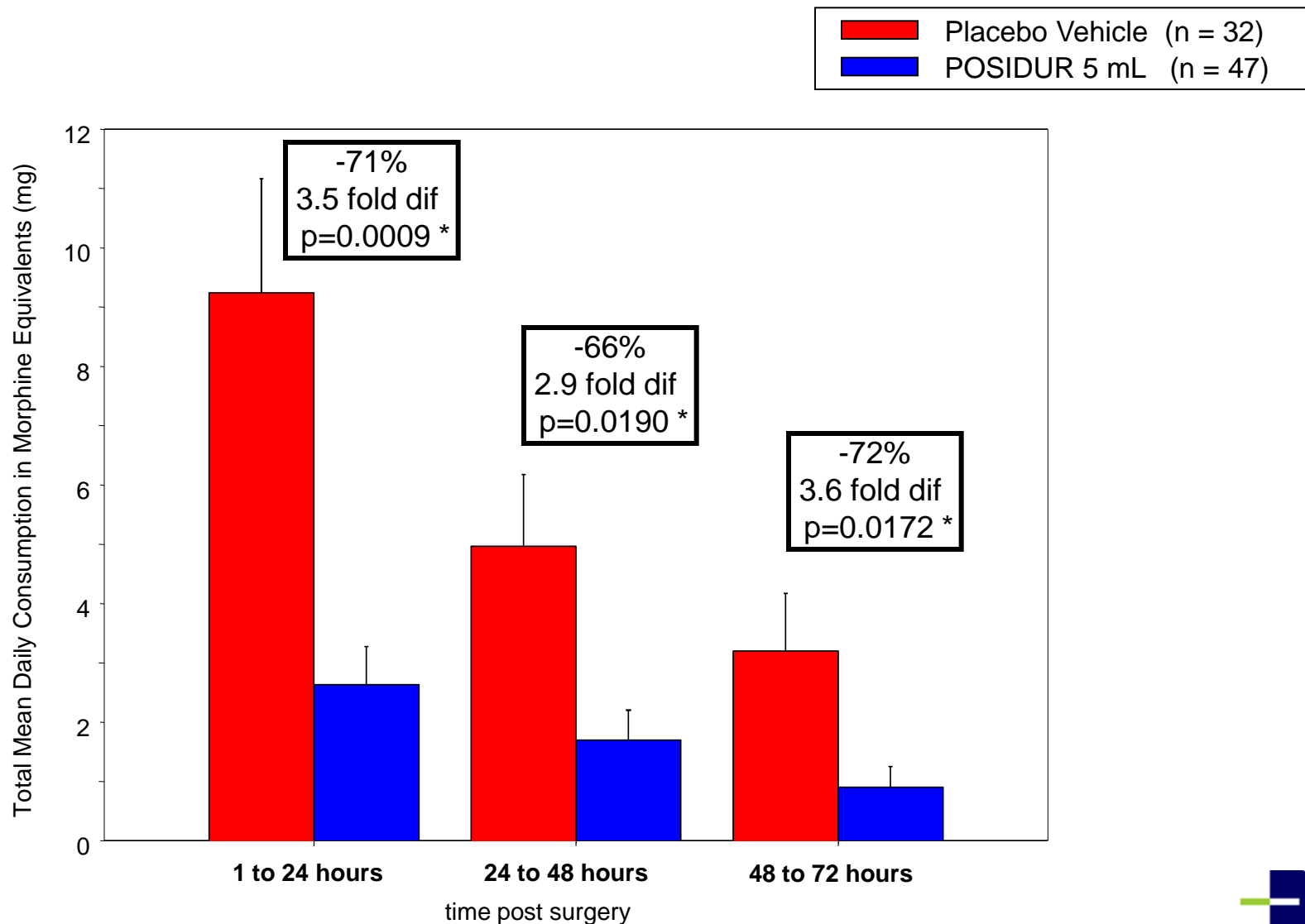


* Normalized AUC based on a numerical ratings scale for pain intensity of 0-10, with 0 being no pain.

** Using ANCOVA model.

POSIDUR™: Phase 2b Hernia Study

Reduction in Supplemental Opioid Analgesic Medications Taken



* Using ANCOVA model.

POSIDUR™ Clinical Program

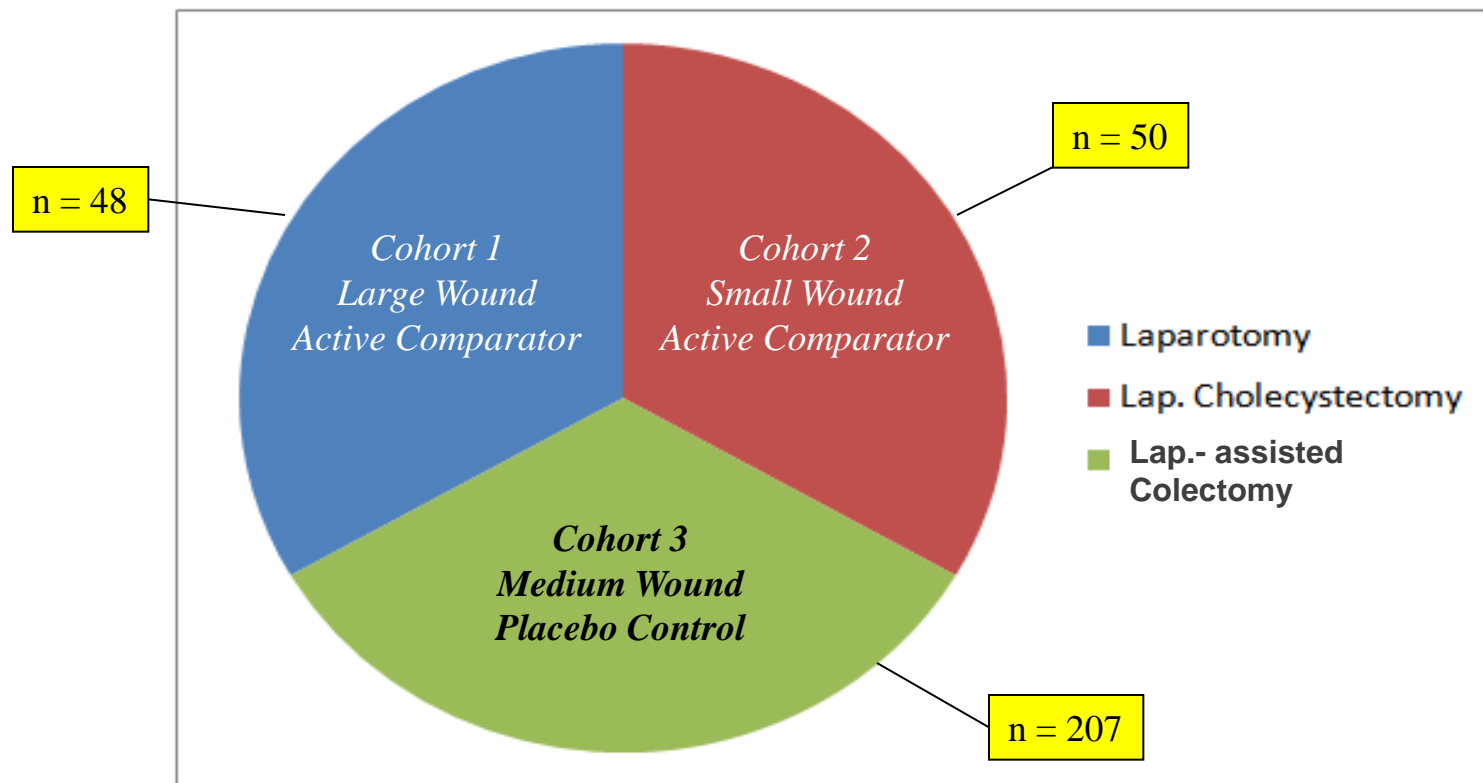
- Extensive clinical program
 - 13 studies completed
 - >680 patient exposures
 - Multiple surgical models
 - No significant systemic safety concerns observed

<u>Surgical Model</u>	<u>Protocol No.</u>	<u>Phase</u>	<u>Patients Dosed</u>	<u>Received POSIDUR</u>
Healthy Volunteers	SABER01-01	Phase 1	12	9
Normal Subjects	CLIN005-0008	Phase 1	5	5
Hernia	CLIN004-0001	Phase 2a	81	61
Hernia	CLIN004-0009	Phase 2a	43	32
Hernia	CLIN005-0010	Phase 2	89	54
Hernia	CLIN005-0007	Phase 2	12	12
Hernia	CLIN803-006-0006	Phase 2b	123	91
Appendectomy	CLIN005-0002	Phase 2	21	14
Shoulder	CLIN005-0006	Phase 2	106	62
Shoulder	C803-017	Phase 2	60	40
Hysterectomy	BU-001-IM *	Phase 2	114	60
Shoulder	BU-002-IM *	Phase 2	107	53
Abdominal	C803-025	Phase 3	305	189
			<u>1,078</u>	<u>682</u>

* Studies conducted by Nycomed.

BESST (*Bupivacaine Effectiveness and Safety in SABER™ Trial*) POSIDUR™ U.S. Pivotal Phase III

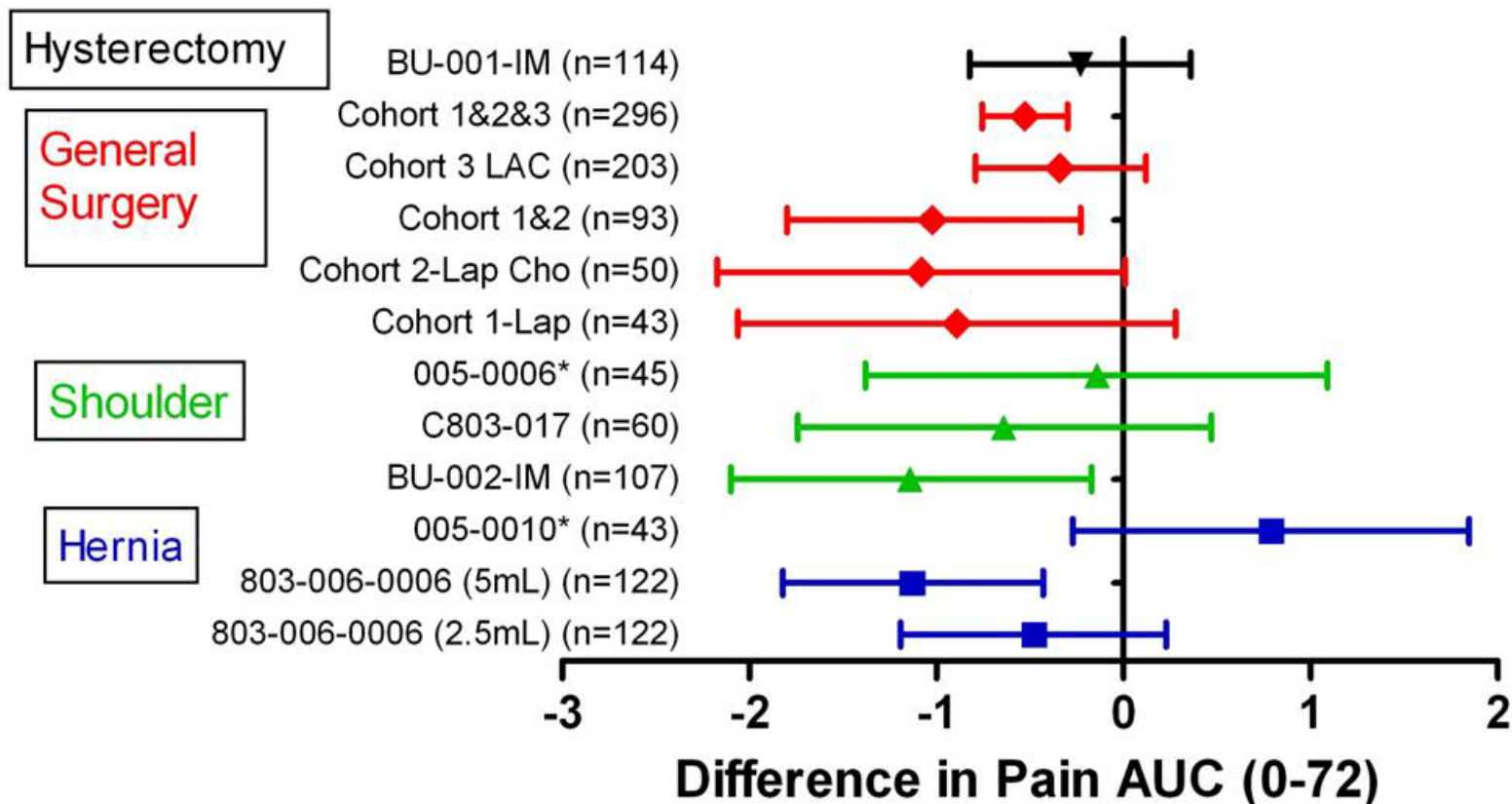
- Population: abdominal surgery



- Co-primary efficacy endpoints for Cohort 3
 - Mean pain intensity on movement Area Under the Curve during 0-72 hours post-dose
 - Mean total morphine equivalent opioid dose for supplemental analgesia during 0-72 hours post-dose

POSIDUR Summary of Efficacy

Difference in (LSM and 95% CI) of Normalized Pain AUC (0-72 hr) By Study



*Only cohort 2 (parallel design and placebo controlled) for studies 005-0006 and 005-0010 is included.

Logic for a 505(b)2 Submission and Next Steps

- Bupivacaine: well established, long history of use
- No evidence of systemic safety issues: >680 patients dosed
- Efficacy: reduction in pain scores over 3 days shown in multiple surgical models
 - Hernia and shoulder trials to be positioned as well-controlled efficacy studies, supported by the trends toward efficacy from BESST & other studies
- We believe we've shown positive risk/benefit, but clearly FDA will have to judge
- Pre-NDA meeting with FDA, scheduled for summer 2012
- Depending on FDA feedback, submit NDA in 2012

POSIDUR™: Commercial Opportunity



- Large commercial opportunity driven by improved pain control and reduced need for opioids after surgery & associated side-effects
 - Better for patients
 - Potentially large healthcare cost savings
- >70 million surgeries per year in the U.S.
- 10-20 million procedures as a potential available market
- Pricing TBD but targeting \$250+ / procedure based on the reduction in opioid use and side-effects
- Easy product concept for surgeons, anesthesiologists and payors to get behind



Patent Protection for POSIDUR™

- 2 granted patent families in the U.S. - coverage to at least 2025
- 2 granted patents in Europe - coverage to at least 2025

TRANSDUR™ Technology

Best-in-class therapeutics

TRANSDUR™ -Sufentanil

- Opportunity = \$1+ billion
- Chronic pain
- Features:
 - 7 days v. 2-3 days
 - 1/5 the size of fentanyl patches
 - Sufentanil as active agent
- Phase II
- WW rights held by DURECT
 - Licensing discussions underway



ELADUR™ (bupivacaine)

- Opportunity = \$800 million
- Local neuropathic pain
- Features:
 - 3 days v. 12 hours
 - Patient friendly design
 - Orphan Drug Designation
- Phase II
- WW rights held by DURECT
 - Initiating licensing discussions



SABER®/CLOUD™ Technology

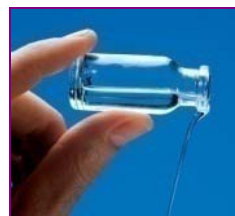
Relday™

- Opportunity = >\$1 billion
- Features:
 - First once-a-month risperidone
 - Patient and physician friendly treatment for schizophrenia
 - Needle-free, subcutaneous vs. 21 gauge, IM injection
 - Simplified dosing regimen
- Phase I in 2012
- Partnered with Zogenix



Injectable Depots

- Opportunity = BioBetter
- Features:
 - Delivery up to 1 month
 - Small gauge needles
 - High drug loading
 - Low injection volumes
- Multiple feasibility projects



ALZET® and LACTEL®

(dollars in millions)



- Continued strong financial performance and positive cash flow contribution

	2005	2006	2007	2008	2009	2010	2011	CAGR
Revenue	\$ 6.9	\$ 8.1	\$ 8.3	\$ 8.8	\$ 9.1	\$ 10.5	\$ 10.6	7%
Gross Profit	4.1	4.9	5.0	5.4	5.8	6.6	6.2	7%
Gross Margin	59%	60%	61%	62%	64%	63%	58%	

DURECT Corporation

Company Financials

March 31, 2012

Cash and Investments	\$ 26.4 MM
Debt	- MM

Potential Milestone Payments

REMOXY and ORADUR-Opioids	\$ 7.6 MM
Relday	103.0 MM
Total	\$ 110.6 MM

REMOXY market potential

2010 OxyContin WW sales	\$ 3.7 B
Royalty Rate	6-11.5%

Shares Outstanding

Recent Share Price	\$ 0.75
Market Value	\$ 65.7 MM
Enterprise Value	\$ 39.3 MM

Avg. Burn Rate last 7 years \$11 MM

2011 Burn Rate Guidance \$23-25 MM

2011 Actual Burn Rate \$18.8 MM

2012 Burn Rate Guidance ~\$12 MM

Federal NOL carryforward \$ 228 MM

State NOL carryforward \$ 157 MM

Options Outstanding (June 2012) 22.5 MM

Average Exercise Price \$ 3.10

Proceeds if Options Exercised \$ 69.8 MM

Potential Key Drivers Next 12-18 months

- REMOXY®
 - Support Pfizer to complete activities required for resubmission to CRL
 - If approved, launch by Pfizer
- POSIDUR™
 - Pre-NDA meeting with the FDA, scheduled for summer 2012
 - Depending on FDA feedback, submit the NDA in 2012
- Relday™ (risperidone)
 - Initiate Phase I in 2012
- ELADUR®
 - Establish commercialization and development strategy, potential partnership
- TRANSDUR® -Sufentanil
 - Establish commercialization and development strategy, potential partnership
- Potential New Collaborations
 - POSIDUR, Sufentanil Patch, ELADUR, ORADUR-ADHD, other undisclosed programs
- Advances in Other Programs
 - Other ORADUR-opioids, ORADUR-ADHD, biotech feasibility projects and undisclosed programs