August 16, 2011

Titan Pharmaceuticals Announces Second Quarter 2011 Financial Results

Conference Call to Be Held Today at 8:00 a.m. PT/11:00 a.m. ET

SOUTH SAN FRANCISCO, CA -- (MARKET WIRE) -- 08/16/11 -- Titan Pharmaceuticals, Inc. (OTCBB: TTNP) today reported financial results for the second quarter ended June 30, 2011. In a separate press release, the company also announced additional results from its recently reported positive Phase 3 clinical trial of Probuphine™ in patients with opioid dependence.

Total revenues for the second quarter of 2011 were $0.7 million, consisting of $0.6 million in royalties on net sales of Fanapt® and $0.1 million in grant revenues from the National Institutes of Health (NIH) in support of the confirmatory Phase 3 clinical study of Probuphine and the Small Business Innovation Research (SBIR) grant for Titan's proprietary ProNeura™ drug delivery technology.

Total operating expenses for the second quarter of 2011 were $4.9 million, compared with $3.1 million for the second quarter of 2010. The year-over-year increase in expenses resulted primarily from an increase of approximately $1.9 million in research and development (R&D) expense related to the Phase 3 clinical study of Probuphine, which was offset in part by a decrease in general and administrative (G&A) expenses of $0.1 million.

Net other expense for the three-month period ended June 30, 2011 was approximately $2.8 million, compared to approximately $0.1 million in the comparable period in 2010. The increase in net other expense during the quarter was primarily related to interest expense of approximately $1.0 million resulting from the Deerfield transaction and a $1.6 million non-cash loss related to an increase in the fair value of the Deerfield warrant liability.

Net loss for the second quarter of 2011 was $7.0 million or $0.12 per share compared with a net loss of $1.8 million or $0.03 per share for the second quarter of 2010.

At June 30, 2011, Titan had cash and cash equivalents of approximately $6.1 million. As previously reported, the company completed a transaction in April 2011 with entities affiliated with Deerfield Management for a loan of $20.0 million to the company. Titan used a portion of the proceeds to repay the outstanding debt and fees of $7.7 million to Oxford Finance Corporation, paid a facility fee to Deerfield of $0.5 million and fees and expenses totaling $0.9 million for legal and financial advisory services. With the cash on hand and the royalty revenues expected from the sales of Fanapt, Titan believes that it has sufficient cash resources to fund operations through the end of this year. The inclusion of the FDA required additional primary analysis delayed the Phase 3 study results as well as the overall timeline, and the company may need to raise additional capital before the end of this year.

"The positive results from our confirmatory Phase 3 study of Probuphine mark an important corporate and clinical milestone for Titan," said Sunil Bhonsle, President of Titan Pharmaceuticals. "We are continuing our ongoing discussions to advance this program and potentially establish a strategic partnership that will help bring a new and novel treatment for opioid dependence to patients, and help realize the value of Probuphine for our shareholders."

Titan has engaged Woodside Capital Partners, LLC and Keelin Reeds Partners, LLC as a team to assist the company in business development activities for Probuphine. Both of these firms have extensive experience in valuing assets and structuring appropriate transactions for the development and commercialization of products and technologies.

Second Quarter 2011 Additional Financial Results

R&D expenses for the second quarter of 2011 were $3.9 million, compared with $2.1 million in the comparable period of 2010. The increase in R&D expense reflects the costs of conducting the Phase 3 clinical study of Probuphine and includes approximately $3.1 million of external expenses such as clinical research organization charges, investigator and patient-related clinical site expenses, and other associated costs. The remaining R&D expenses reflect internal operating costs such as personnel-related expenses, meeting and travel expenses and allocation of facility and corporate costs.

G&A expenses for the second quarter of 2011 decreased to $0.9 million from $1.0 million in the comparable period of 2010 primarily due to decreases of approximately $0.4 million in legal and professional fees which were offset in part by increases of approximately $0.3 million in employee-related expenses.

Probuphine: Recent and Upcoming Events

Probuphine is a novel formulation of buprenorphine that is capable of maintaining a stable, round the clock level of medicine in patients for six months following a single treatment. In July 2011, Titan announced positive top line results for its Phase 3 confirmatory study for the treatment of opioid dependence. Today, Titan also announced additional positive results that demonstrate that Probuphine was well tolerated and, as evaluated by clinicians, Probuphine treatment resulted in a significant overall patient improvement ($p=0.0002$) and a decrease in the severity of opioid dependence ($p=0.0003$) compared to placebo. The additional data analyses also confirm Probuphine's non-inferiority to the approved drug SUBOXONE®.

Recent and upcoming events include the following:

- The Phase 3 open label study for the re-treatment of patients who completed the controlled confirmatory study is progressing as planned and results of this study will be available before year-end 2011.

- A pre-NDA meeting with the Food and Drug Administration to review clinical and other support data has been requested and is expected in the fall.

Upcoming scientific presentations:

- 13th annual meeting of the International Society of Addiction Medicine (ISAM), Oslo, Norway, September 10, 2011

- American Academy of Addiction Psychiatry, Scottsdale, AZ, December 2011

Conference Call

Titan management will host a live call and webcast on Tuesday, August 16, 2011 at 8:00 a.m. PT (11:00 a.m. ET) to discuss second quarter 2011 results, current corporate developments and results of the recently reported positive Phase 3 clinical trial of Probuphine in patients with opioid dependence. Joining the Titan management team for the call will be Walter Ling, M.D., Professor of Psychiatry and Director, Integrated Substance Abuse Programs at the David Geffen School of Medicine at UCLA and a lead investigator in the Probuphine Phase 3 study; and Richard N. Rosenthal, M.D., Chairman of Psychiatry at St. Luke's-Roosevelt Hospital Center, a teaching hospital of Columbia University, past president of the American Academy of Addiction Psychiatry and a lead investigator in the Phase 3 study.

The live webcast of the call may be accessed by visiting the company's website at www.titanpharm.com. The call can also be accessed by dialing 1-888-206-4836, participant code: 6514332 five minutes prior to the start time. A replay of the call will be available on the company's website approximately two hours after completion of the call and will be archived for two weeks.

About Titan Pharmaceuticals

For information concerning Titan Pharmaceuticals, Inc., please visit the company's website at www.titanpharm.com.

The press release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements include, but are not limited to, any statements relating to the Company's development program and any other statements that are not historical facts. Such statements involve risks and uncertainties, including, but not limited to, those risks and uncertainties relating to difficulties or delays in development, testing, regulatory approval, production and marketing of the Company's drug candidates, adverse side effects or inadequate therapeutic efficacy of the Company's drug candidates that could slow or prevent product development or commercialization, the uncertainty of patent protection for the Company's intellectual property or trade secrets, and the Company's ability to obtain additional financing. Such statements are based on management's current expectations, but actual results may differ materially due to various factors, including those risks and uncertainties mentioned or referred to in this press release.

TITAN PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amount)

	Three Months Ended June 30,	Six Months Ended June 30,

	2011	2010	2011	2010
Revenue:				
Royalty revenue	$ 602	$ 55	$ 1,318	$ 1,708
Grant revenue	93	1,287	325	2,048
License revenue	-	-	-	11
Total revenue	695	1,342	1,643	3,767
Operating expense:				
Research and development	3,947	2,056	7,685	3,726
General and administrative	948	1,012	1,741	1,947
Total operating expense	4,895	3,068	9,426	5,673
Loss from operations	(4,200)	(1,726)	(7,783)	(1,906)
Other expense, net	(2,789)	(120)	(3,718)	(245)
Net loss	$ (6,989)	$ (1,846)	$ (11,501)	$ (2,151)
Basic and diluted net loss per share	$ (0.12)	$ (0.03)	$ (0.19)	$ (0.04)
Weighted average shares used in computing basic and diluted net loss per share	59,276	59,248	59,255	59,248

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2011	December 31, 2010
Assets		
Cash	$ 6,092	$ 3,180
Receivables	1,731	1,225
Prepaid expenses and other current assets	928	294
Total current assets	8,751	4,699
Furniture and equipment, net	90	53
	$ 8,841	$ 4,752
Liabilities and Stockholders' Equity		
Current liabilities	$ 6,207	$ 5,405
Warrant liability	7,104	-
Long-term debt	12,515	5,400
Stockholders' deficit	(16,985)	(6,053)
	$ 8,841	$ 4,752

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