March 16, 2012

Titan Pharmaceuticals Announces Fourth Quarter and Year-End 2011 Financial Results

Titan Management Team to Host Conference Call March 20 at 11:00 a.m. PT/2:00 p.m. ET

SOUTH SAN FRANCISCO, CA -- (MARKET WIRE) -- 03/16/12 -- Titan Pharmaceuticals, Inc. (OTCBB: TTNP) today reported financial results for the fourth quarter and year ended December 31, 2011.

Total revenues for the year 2011 were approximately $4.1 million, consisting primarily of $3.6 million in royalties on net sales of Fanapt® and $0.5 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 revenues for the year 2010 were approximately $10.1 million, consisting primarily of approximately $7.6 million in grant revenues and $2.5 million in royalty revenues. Titan has paid approximately $1.8 million of the 2011 royalties on sales of Fanapt to Deerfield Management in accordance with the terms of the agreements entered into during 2011.

Total operating expenses for the year 2011 were approximately $14.6 million, compared with approximately $16.1 million for the full year 2010. The year-over-year decrease in expenses was primarily a result of decreased research and development (R&D) expense as we completed the Probuphine clinical program.

Net loss applicable to common stockholders for 2011 was approximately $15.2 million, or $0.26 per share, compared to a net loss of approximately $5.6 million, or $0.09 per share, for 2010. The net loss for 2011 includes a non-cash gain of $1.9 million resulting from changes in the fair value of warrants issued as part of our March 2011 transaction with Deerfield Management.

During 2011, Titan entered into several agreements with Deerfield Management that collectively provided Titan with approximately $25 million in cash, of which $10 million is in the form of debt, in return for most of the future royalty payments from Fanapt that may be received by Titan under its sublicense agreement with Novartis. The debt bears an interest rate of 8.5 percent per annum payable quarterly and the principal payments will be made in four equal annual installments of $2.5 million, commencing in April 2013.

At December 31, 2011, Titan had cash of approximately $5.4 million, compared to approximately $3.2 million at December 31, 2010. Titan believes that its current working capital will be sufficient to sustain planned operations into the late second quarter of 2012.

"We are pleased with the progress we continue to make with our Probuphine program, including the recently announced positive and supportive results of our six-month safety re-treatment study of patients with opioid dependence," said Sunil Bhonsle, President of Titan Pharmaceuticals. "This is a pivotal time for Titan as we continue to advance our Probuphine partnering discussions and are on-track to file our full New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA) in the third quarter of this year."

"Titan made significant progress in the fourth quarter and the full year of 2011 in building the clinical data foundation for our Probuphine Phase 3 program, confirming our regulatory path forward and now advancing our ongoing partnership discussions to the term sheet phase," said Marc Rubin, M.D., Executive Chairman of Titan Pharmaceuticals. "Our focus remains on forging a strategic partnership for the potential commercialization of Probuphine and, ultimately, bringing a new and novel treatment option for opioid dependence to patients."

Additional Financial Results

Full Year 2011
Research and Development (R&D) expenses for 2011 were approximately $11.2 million, compared with approximately $12.9 million for 2010, a decrease of approximately $1.7 million. The decrease in R&D expense was primarily associated with a decrease in external R&D expenses related to the Phase 3 clinical trials of Probuphine, which were completed in 2011. These external R&D expenses include clinical research organization expenses, investigator and board review fees, patient expense reimbursements and contract manufacturing expenses and totaled approximately $7.7 million in 2011, compared to approximately $10.1 million in 2010.

General and Administration (G&A) expenses for 2011 were approximately $3.4 million, compared to approximately $3.3 million for 2010. This increase was primarily related to increases in non-cash stock compensation costs of approximately $0.3 million, employee-related costs of approximately $0.3 million and marketing-related costs of approximately $0.2 million. These increases were offset by decreases in legal fees of approximately $0.3 million, consulting and professional fees of approximately $0.3 million and facilities-related costs of $0.1 million.

Net other expense for 2011 was approximately $4.7 million compared to $0.8 million in 2010. The increase in net other expense was primarily related to interest expense of approximately $6.2 million related to the Deerfield Management long-term debt, warrant liability and royalty liability and $0.2 million of interest expense related to the Oxford Finance Corporation loans. This was offset, in part, by a $1.9 million non-cash gain related to decreases in the fair value of the Deerfield Management warrants.

Fourth Quarter 2011
Total revenues for the fourth quarter of 2011 were approximately $1.4 million, consisting of approximately $1.3 million in royalty revenue received from Novartis on net sales of Fanapt, and $0.1 million in grant revenue. Total revenues for the fourth quarter of 2010 were approximately $2.7 million, consisting of approximately $2.3 million in grant revenues, and approximately $0.4 million in Fanapt royalties.

Total operating expenses for the fourth quarter of 2011 were approximately $2.2 million, consisting primarily of R&D expenses of $1.3 million and G&A expenses of $0.9 million.

Operating expenses for the comparable period in 2010 were $6.7 million, which included $6.1 million in R&D expenses and approximately $0.6 million in G&A expenses.

Net loss applicable to common stockholders for the fourth quarter of 2011 was approximately $2.9 million, or $0.05 per share. Net loss for the comparable period in 2010 was approximately $3.1 million, or $0.05 per share.

Probuphine: Recent Events & Regulatory Path Forward

Probuphine is a novel formulation of buprenorphine that is capable of maintaining a stable, round the clock level of medicine in patients for up to six months following a single treatment. In July and August 2011, Titan announced positive top line results for its Phase 3 confirmatory study for the treatment of opioid dependence, as well as additional positive results demonstrating significant overall patient improvement, a compelling safety profile and non-inferiority to the approved drug Suboxone®.

In February 2012, Titan announced the results of an open-label, six-month safety re-treatment study (PRO-811) of patients with opioid dependence who previously completed a full six months of treatment in Titan's confirmatory Phase 3 clinical trial of Probuphine. In the 85 patients enrolled in this re-treatment study, Probuphine was shown to be well-tolerated, including the implant insertion and removal procedures, with a low incidence of adverse events and an overall safety profile similar to that observed in the Phase 3 confirmatory trial. Patients also reported a decreased use of illicit opioids, good control of opioid withdrawal and cravings and high overall satisfaction with Probuphine. These data build upon the positive results of the Probuphine Phase 3 program reported to date and further support Titan's preparation of a NDA for Probuphine.

Additionally, Titan has announced the regulatory path for the Probuphine program, confirming its Phase 3 clinical program completed to date is acceptable to the FDA to support submission of an NDA via the 505(b)(2) pathway. The FDA has also provided clear guidance on the submission requirements for an NDA to be considered for Priority Review. Titan is on track to complete its analytical testing of Probuphine to provide additional Chemistry, Manufacturing and Control (CMC) data requested by the FDA, the manufacturing facility expansion and qualification for commercial scale production of Probuphine, and the preparation of integrated clinical data, summary reports and electronic document preparation in a timely manner and file its NDA in the third quarter of this year.

Recent and upcoming scientific presentations on Probuphine include:

- American Academy of Addiction Psychiatry, Scottsdale, AZ, December 8, 2011 -- oral presentation
- American Society of Addiction Medicine 43rd Medical-Scientific Conference, Atlanta, April 20, 2012, 1:30 p.m. ET -- poster

Conference Call
Titan management will host a live conference call at 2 p.m. ET / 11 a.m. PT on Tuesday, March 20, 2012 to provide the Company's financial results as of December 31, 2011 and discuss its Phase 3 Probuphine program. Participating on the call will be Mr. Bhonsle, Dr. Rubin, Katherine Beebe, Ph.D., Executive Vice President and Chief Development Officer, and Brian Crowley, Vice President of Finance.

The live webcast of the call may be accessed by visiting the Titan website at www.titanpharm.com. The call can also be accessed by dialing 877-397-0286, Participant code: 1452752 five minutes prior to the start time. A replay of the call will be available on the Company 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)
(unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	2011	2010
Revenue:				
Royalty revenue	$ 1,294	$ 408	$ 3,585	$ 2,512
Grant revenue	119	2,306	483	7,557
License revenue	-	12	-	24
Total revenue	1,413	2,726	4,068	10,093
Operating expense:				
Research and development	1,291	6,085	11,206	12,855
General and administrative	888	625	3,368	3,263
Total operating expense	2,179	6,710	14,574	16,118
Loss from operations	(766)	(3,984)	(10,506)	(6,025)
Other expense, net	(2,132)	(315)	(4,697)	(809)
Net loss	(2,898)	(4,299)	(15,203)	(6,834)
Gain on retirement of preferred stock upon				

dissolution of subsidiary	-	1,241	-	1,241
Net loss applicable to common stockholders	$ (2,898)	$ (3,058)	$ (15,203)	$ (5,593)
Basic and diluted net loss per share	$ (0.05)	$ (0.05)	$ (0.26)	$ (0.09)
Weighted average shares used in computing basic and diluted net loss per share	59,386	59,248	59,324	59,248

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	December 31,	
	2011	2010
Assets		
Cash	$ 5,406	$ 3,180
Receivables	3,720	1,225
Prepaid expenses and other current assets	836	294
Total current assets	9,962	4,699
Furniture and equipment, net	255	53
	$ 10,217	$ 4,752
Liabilities and Stockholders' Equity		
Current liabilities	$ 5,123	$ 5,405
Warrant liability	3,611	-
Royalty liability	9,309	-
Long-term debt	12,253	5,400
Stockholders' deficit	(20,079)	(6,053)
	$ 10,217	$ 4,752

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