Pain Therapeutics, Inc.

Pain Therapeutics Announces Third Quarter 2008 Financial Results

REMOXY(r) On-track for Regulatory Decision in December

SAN MATEO, Calif., Oct 29, 2008 (GlobeNewswire via COMTEX News Network) -- Pain Therapeutics, Inc. (Nasdaq:PTIE) today reported financial results for the three and nine months ended September 30, 2008. Net income for the quarter ended September 30, 2008 was $15.2 million, or $0.35 per diluted share, compared to $3.2 million, or $0.07 per diluted share, in the third quarter of 2007. Net income for the nine months ended September 30, 2008 was $16.7 million, or $0.38 per diluted share, compared to $19.2 million, or $0.42 per diluted share, for the same period in 2007. Pain Therapeutics ended the third quarter with $193.2 million in cash, no debt and 41.9 million shares outstanding.

In the third quarter, the U.S. Food and Drug Administration (FDA) accepted the New Drug Application (NDA) for REMOXY with Priority Review and announced it will hold an advisory committee meeting November 13, 2008 to assist with its review of this NDA.

"We are very encouraged by REMOXY's momentum in the third quarter," said Remi Barbier, Pain Therapeutics' president and chief executive officer. "We look forward to the advisory committee meeting in November and remain firmly committed to make REMOXY a viable treatment option for patients with chronic pain."

In 2005, Pain Therapeutics and King Pharmaceuticals, Inc. (NYSE:KG) entered into a strategic alliance to develop and commercialize REMOXY and other abuse-resistant medications. Pain Therapeutics will receive a running royalty equal to 20% of net sales of drugs developed under this strategic alliance, except as to the first $1.0 billion in cumulative net sales, which royalty is set at 15%.

In October, the FDA announced that an advisory committee will meet in Gaithersburg, Md. on November 13, 2008 to discuss the NDA for REMOXY. The committee will begin with a closed session from 8:00 a.m. to 9:15 a.m., followed by a public session from 9:15 a.m. to 4:30 p.m. The function of this meeting is to provide advice and recommendations to the FDA on regulatory issues. More information is available on FDA web sites, including:

http://www.fda.gov/OHRMS/DOCKETS/98fr/FDA-2008-N-0038-nm.pdf

http://www.fda.gov/cder/audiences/acspage/meetings/joint_meeting_alsdac_dsarrm.htm

Financial Highlights

* Milestone revenue consists of $20.0 million we received for two success-based milestone payments under our strategic alliance with King. We received from King a $15.0 million cash milestone payment upon acceptance of the NDA for REMOXY by the FDA. We also received a $5.0 million cash milestone payment upon acceptance of the Investigational New Drug application for PTI-721, the third of four abuse-resistant opioid drug candidates under the strategic alliance.

* Collaboration revenue of $6.7 million and $24.7 million in the three and nine months ended September 30, 2008, respectively, reflects reimbursement of our development expenses under our strategic alliance with King.

* Research and development expenses were $12.9 million and $36.6 million in the three and nine months ended September 30, 2008, respectively. Most research and development expenses were

attributed to the development activities for our abuse-resistant drug candidates. Research and development expenses included non-cash stock related compensation costs of $2.9 million and $4.9 million in the three and nine months ended September 30, 2008, respectively.

* General and administrative expenses were $3.6 million and $7.3 million in the three and nine months ended September 30, 2008, respectively. General and administrative expenses included non-cash stock related compensation costs of $2.3 million and $3.5 million in the three and nine months ended September 30, 2008, respectively.

2008 Financial Guidance - No Changes

* We continue to anticipate our operations to be cash flow positive in 2008.

* We anticipate receiving a $15.0 million cash milestone payment from King upon approval of REMOXY by the FDA.

* We continue to expect to spend up to $15.0 million in 2008 developing biopharmaceutical products for metastatic melanoma, hemophilia and other important disease areas. Pain Therapeutics holds all commercial rights to these biopharmaceutical drug candidates.

About REMOXY

REMOXY, an investigational drug, is a unique, abuse-resistant controlled-release oxycodone for moderate-to-severe chronic pain. REMOXY's high viscosity, liquid formulation in a hard gelatin capsule is designed to resist common methods of misuse and abuse. REMOXY is currently undergoing a priority review by the FDA. The FDA is expected to complete its review of the REMOXY NDA in December 2008. If approved, Pain Therapeutics believes REMOXY could be the first oxycodone on the market that is designed to reduce the risk of misuse and abuse.

About Pain Therapeutics, Inc.

Pain Therapeutics is a biopharmaceutical company that develops novel drugs. In addition to REMOXY, the Company has four drug candidates in clinical programs, including PTI-202, PTI-721, Oxytrex(tm) and a novel radio-labeled monoclonal antibody to treat metastatic melanoma. Pain Therapeutics is also working on a new treatment for patients with hemophilia. The FDA has not yet evaluated the merits, safety or efficacy of the Company's drug candidates. For more information, please visit www.paintrials.com.

Note Regarding Forward-Looking Statements: This press release contains forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995 (the "Act"). Pain Therapeutics disclaims any intent or obligation to update these forward-looking statements, and claims the protection of the Safe Harbor for forward-looking statements contained in the Act. Examples of such statements include, but are not limited to, any statements relating to the potential approval by the FDA of the NDA for REMOXY; the expected milestone payment from King in 2008 for the potential FDA approval of the REMOXY NDA; the benefits of REMOXY; the potential for REMOXY to be the first FDA approved oxycodone on the market designed to reduce the risk of misuse and abuse; the Company's anticipation that it will be cash flow positive from operations in 2008; and anticipated spending on biopharmaceutical development in 2008. Such statements are based on management's current expectations, but actual results may differ materially due to various factors. Such statements involve risks and uncertainties, including, but not limited to, those risks and uncertainties relating to difficulties or delays in development and testing of the Company's drug candidates, unexpected adverse side effects or inadequate therapeutic efficacy of the Company's drug candidates (including the risk that current and past results of clinical trials are not necessarily indicative of future results of clinical trials), the uncertainty of patent protection for the Company's intellectual property or trade secrets, unanticipated research and development and other costs and the timing and receipt of funds from the Company's commercial partner for REMOXY, the potential for abuse and misuse resistant pain medications to be developed by competitors and potential competitors to the Company. For further information regarding these and other risks related to the Company's business, investors should consult the Company's filings with the Securities and Exchange Commission.

PAIN THERAPEUTICS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue				
Milestone Revenue	$20,000	$ --	$20,000	$ --
Collaboration revenue	6,707	9,259	24,720	32,277
Program fee revenue	3,587	6,551	10,761	19,651
Total revenue	30,294	15,810	55,481	51,928
Operating expenses				
Research and development	12,928	13,268	36,627	34,171
General and administrative	3,552	2,011	7,269	5,951
Total operating expenses	16,480	15,279	43,896	40,122
Operating income	13,814	531	11,585	11,806
Interest income	1,377	2,642	5,151	7,368
Net income	$15,191	$ 3,173	$16,736	$19,174
Net income per share				
Basic	$ 0.37	$ 0.07	$ 0.40	$ 0.43
Diluted	$ 0.35	$ 0.07	$ 0.38	$ 0.42
Weighted-average shares used in computing net income per share				
Basic	41,535	44,049	42,318	44,138
Diluted	43,021	45,655	43,564	45,413

PAIN THERAPEUTICS, INC.
CONDENSED BALANCE SHEETS

	September 30, 2008	December 31, 2007(1)
	(Unaudited)	
Assets		
Current assets		
Cash, cash equivalents and marketable securities	$ 193,190	$ 205,071
Other current assets	408	303
Total current assets	193,598	205,374
Non-current assets		
Property and equipment, net	1,256	1,607
Other assets	643	644

Total assets	$ 195,497	$ 207,625
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 3,485	$ 3,624
Accrued development expense	862	817
Deferred program fee revenue - current portion	14,348	14,348
Other accrued liabilities	1,988	1,868
Total current liabilities	20,683	20,657
Non-current liabilities		
Deferred program fee revenue - non-current portion	71,740	82,501
Other liabilities	560	553
Total liabilities	92,983	103,711
Stockholders' equity		
Common stock	42	44
Additional paid-in-capital	215,369	221,415
Accumulated other comprehensive income (loss)	(183)	584
Accumulated deficit	(112,714)	(118,129)
Total stockholders' equity	102,514	103,914
Total liabilities and stockholders' equity	$ 195,497	$ 207,625

(1) Derived from audited financial statements.

SOURCE: Pain Therapeutics, Inc.

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