A.P. Pharma Closes Underwritten Offering of Common Stock

November 25, 2013

REDWOOD CITY, Calif.--(BUSINESS WIRE)--Nov. 25, 2013-- A.P. Pharma, Inc. (OTCBB: APPA.OB), a specialty pharmaceutical company, today announced closing of its underwritten public offering of 150,000,000 shares of common stock at a public offering price of $0.40 per share. Gross proceeds to A.P. Pharma are $60,000,000, before deducting underwriting discounts and commissions and offering expenses payable by A.P. Pharma.

Jefferies LLC and Leerink Swann LLC acted as joint book-runners for the offering. JMP Securities LLC, Brean Capital, LLC and Oppenheimer & Co. acted as co-managers for the offering.

The securities described above were offered by A.P. Pharma pursuant to a shelf registration statement (File No. 333-1900550), that was previously filed with and declared effective by the United States Securities and Exchange Commission ("SEC"). The securities described above have not been qualified under any state blue sky laws and were offered only to "Qualified Institutional Buyers" and other institutional and accredited investors as permitted by applicable law (see "Notice to Investors" in the prospectus for further details). This press release shall not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or other jurisdiction. A final prospectus supplement relating to the offering was filed with the SEC and is available on the SEC's website at www.sec.gov, or by request at Jefferies LLC, Attention: Equity Syndicate Prospectus Department, 520 Madison Avenue, 12th Floor, New York, NY 10022, telephone: (877) 547-6340, e-mail: Prospectus_Department@Jefferies.com; or Leerink Swann LLC, Attention: Syndicate Department, One Federal Street, 37th Floor, Boston, MA 02110, or by telephone at (800) 808-7525, or by e-mail at syndicate@leerink.com

This press release includes forward-looking statements, including statements relating to the proceeds of the offering and closing of the offering. For these statements, A.P. Pharma claims the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. It should be noted that there are risks and uncertainties related to the public offering. A review of these risks can be found in A.P. Pharma's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, the prospectus filed with the SEC in connection with the offering and other reports and documents filed with the SEC.

About Sustol (formerly known as APF530)

A.P. Pharma's lead product candidate, Sustol, is being developed for the prevention of both acute- and delayed-onset chemotherapy-induced nausea and vomiting (CINV). One of the most debilitating side effects of cancer chemotherapy, CINV is a leading cause of premature discontinuation of treatment. There is only one injectable 5-HT3 antagonist approved for the prevention of delayed-onset CINV in patients receiving MEC; none are approved for delayed-onset CINV in patients receiving HEC. Sustol contains the 5-HT3 antagonist granisetron formulated in the Company's proprietary Biochronomer™ drug delivery system, which allows therapeutic drug levels to be maintained for five days with a single subcutaneous injection. Currently available intravenous and oral formulations of granisetron are approved only for the prevention of acute-onset CINV. Granisetron was selected for Sustol because it is widely prescribed by physicians based on a well-established record of safety and efficacy.

About A.P. Pharma

A.P. Pharma is a specialty pharmaceutical company developing products using its proprietary Biochronomer™ polymer-based drug delivery platform. This drug delivery platform is designed to improve the therapeutic profile of injectable pharmaceuticals by converting them from products that must be injected once or twice per day to products that need to be injected only once every one or two weeks. The Company's lead product, Sustol, is being developed for the prevention of both acute- and delayed-onset chemotherapy-induced nausea and vomiting. For further information, please visit the Company's web site at www.appharma.com.

Forward Looking Statements

This news release contains "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties, including uncertainties associated with the potential approval of Sustol (formerly APF530) and the potential timing for such approval, if approved at all, as well as risks relating to qualifying for listing on the NASDAQ Capital Market, capital resources and liquidity, satisfactory completion of clinical studies, progress in research and development programs, launch and acceptance of new products and other risks and uncertainties identified in the Company's filings with the Securities and Exchange Commission. We caution investors that forward-looking statements reflect our analysis only on their stated date. We do not intend to update them except as required by law.

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