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**ACELRx ANNOUNCES COMPLETION OF AN END OF PHASE 2 MEETING WITH FDA FOR ARX-02,
SUFENTANIL NANOTAB™ BREAKTHROUGH PAIN MANAGEMENT SYSTEM**

October 1, 2010

AcelRx Pharmaceuticals, Inc. today announced that it has completed an End-of-Phase 2 meeting with the US Food and Drug Administration (FDA) for ARX-02, a proprietary Sufentanil NanoTab™ Breakthrough Pain Management System for the treatment of cancer breakthrough pain in opioid-tolerant patients. FDA reviewed a package based on the previously announced positive Phase 2 clinical study results to date for ARX-02 and provided AcelRx with guidance on the Phase 3 program design and NDA requirements. Richard King, AcelRx CEO stated, "Given this guidance, we have clarity on the development path for ARX-02 in cancer breakthrough pain. In addition, FDA provided clarity on the development requirements to register ARX-02 for the broader indication of chronic breakthrough pain in opioid-tolerant patients, where we believe that ARX-02 can have an impact on the lives of a broader array of opioid-tolerant patients."

About Kaiser Permanente Ventures:

Kaiser Permanente Ventures, the corporate venture capital arm of Kaiser Permanente, makes investments in medical devices, healthcare services and information technology companies. Kaiser Permanente Ventures is dedicated to partnering with entrepreneurial companies to build innovative and enduring businesses that advance the quality and affordability of health care. Since its inception in 1997, Kaiser Permanente Ventures has invested in more than 25 venture-capital backed companies at all stages of development, and contributed organizational expertise, time and resources to the success of these companies. For additional information please visit www.kpventures.com.