

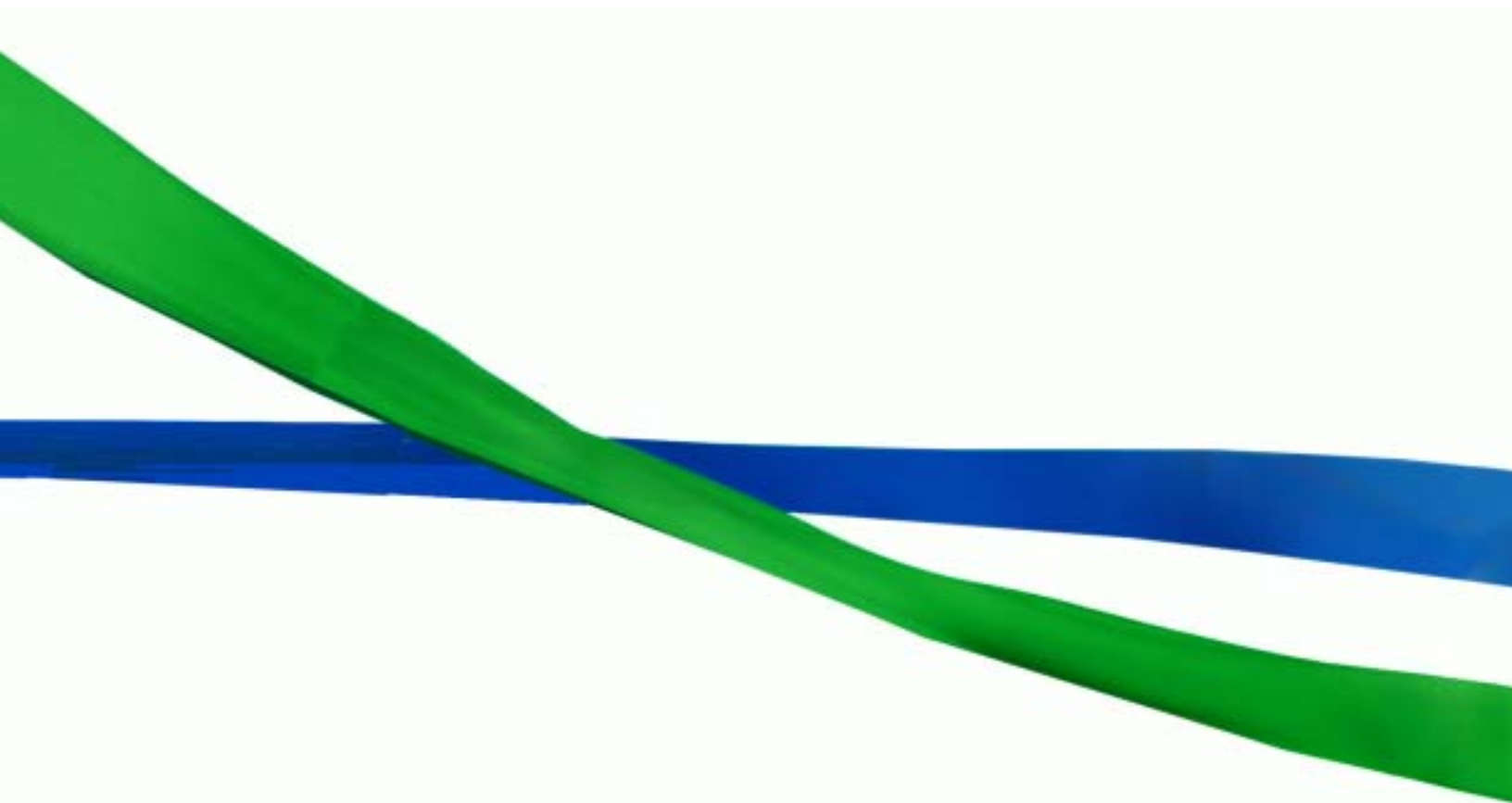


THE FABRIC OF **ADOLOR**

ADOLOR
innovative integrated
pharmaceutical solutions
rooted in science

"We live in a web of ideas, a fabric of our own making."

– Joseph Chilton Pearce, Author



TECHNOLOGY

Woven through Adolor's strategy
is the intent to develop and market valuable
pharmaceutical products that address
the significant and prevalent pain management challenges

faced by physicians and patients each day.

Adolor has created a culture and developed an organization that is effectively implementing this strategy. Adolor employees work collectively in cross-functional teams with a drive to generate and execute innovative ideas. **A clear vision of drug development and a creative outlook give the company the edge** to discover, invent and in-license products that address substantial needs.

Over the course of its 11-year history, Adolor has demonstrated the instinct to advance promising product candidates such as *Entereg*[®] (alvimopan).



R&D Programs

Poised to Fully Maximize Our Potential

Adolor's R&D programs are essential filaments of the company's future product offerings. Our research teams focus on opioid and non-opioid pain targets, to discover and develop products to treat pain more effectively and with fewer adverse effects and to manage the detrimental effects often caused by today's opioid pain products.

The result of our efforts to date is manifested in a number of projects in various stages of clinical development. Our lead product candidate, *Entereg* (alvimopan), has potential in multiple indications where the use of opioid analgesics produces untoward gastrointestinal (GI) side effects. These GI side effects manifest themselves in different ways in different conditions. For instance, many patients who undergo open abdominal surgery experience temporary bowel impairment, known as postoperative ileus (POI), which may be exacerbated and prolonged by multiple factors including the use of opioids. When opioid analgesics are used chronically for the treatment of pain, they can produce chronic GI side effects. Among these symptoms are constipation, abdominal cramping and gastro-esophageal reflux. **Adolor is collaborating**

with GlaxoSmithKline (GSK) on the development and commercialization of Entereg in these and potentially other conditions.

The most advanced of these is the management of POI. In July of 2005, Adolor received an "approvable letter" from the U.S. Food and Drug Administration (FDA) in response to the new drug application (NDA) submitted in 2004. The FDA requested additional clinical data before finally deciding the status of the application. As part of a complete response to the FDA, Adolor is compiling the results of Study 14CL314, a Phase 3 clinical trial in POI, for which we announced positive, top-line results in February 2006.

As part of the comprehensive development of *Entereg*, GSK is conducting a program of pivotal clinical studies evaluating *Entereg* in patients taking opioid analgesics for persistent pain conditions who have developed opioid-induced bowel dysfunction (OBD). Early in 2005 GSK announced initial, positive top-line results from a Phase 2b clinical trial evaluating *Entereg* for the treatment of OBD and later in the year, the initiation of an international Phase 3 clinical program.



Discovery

Developing Much Needed Pain Management Products

In 2006, Adolor intends to begin the development of an alvimopan/opioid combination product. The idea behind this product is to provide the pain relief of a well characterized and highly prescribed opioid analgesic, while reducing untoward GI side effects. As we proceed with the development of the product, we look forward to communicating more about our plans throughout the year.

Outside of the alvimopan family of products, we are developing a sterile lidocaine patch that is in clinical development for post-surgical incisional pain. This product was licensed from EpiCept in 2003. After overcoming significant manufacturing design challenges, we initiated Study 29CL227 in the third quarter of 2005. A Phase 2 clinical trial principally designed to evaluate the systemic absorption of lidocaine, Study 29CL227 should be completed in the first half of 2006. This represents a first, but important step, in a planned substantial development program for the product.

As we ended 2005, we announced the filing of an investigational new drug (IND) application with the FDA for ADL5859, a novel oral compound that

targets the Delta opioid receptor for the management of pain. Delta receptor agonists are thought to offer benefits over other analgesics in the management of pain in certain indications, including inflammatory pain and morphine resistant pain. Following the submission, the FDA requested additional preclinical safety data and further clarification of the intended Phase 1 protocol. We expect to complete the tests needed to support the FDA's requests and submit the data with a view to commencing Phase 1 testing in the third quarter of 2006.

In addition to the development programs outlined above, we have a number of discovery research programs focused on the identification of novel compounds with the potential for broad beneficial therapeutic effects of opioids but with fewer side effects. Each of these programs reflects the company's strategy to have a productive internal research effort as well as an active effort to in-license and develop product candidates based on the discoveries of others.



Engaging the Right People

The fabric of Adolor is comprised of its people.

During 2005 we strengthened our management team with the addition of key personnel in the R&D, corporate and manufacturing teams. Joining the company in 2005 were Richard Woodward, Ph.D., Vice President, Discovery, Randall Mack, Vice President, Project Management, Thomas Hess, CPA, Vice President, Finance and Chief Financial Officer, and Kevin Taylor, Vice President, Business Development. In addition, George Maurer was promoted to Vice President, Commercial Manufacturing.

Adolor also recruited a talented sales and

marketing team with the appointment of Roger Graham as Senior Vice President, Sales and Marketing and Joseph Schlitz as Vice President, Sales. We also hired a field sales organization to satisfy our obligations under the agreement with GSK for the co-promotion of its antithrombotic agent, *Arixtra*[®], and to coordinate our efforts and prepare for the launch of *Entereg*.

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ROOTED

Rooted in an Innovative Process

The more than 180 employees who comprise the company work cohesively to assemble the pieces of the product puzzle. Teams comprised of members with expertise in multiple disciplines evaluate clinical need, and integrate their considerable scientific insight with an evaluation of the drug candidate's commercial viability. This integrated vision manages risk and endeavors to facilitate the invention of a clinically meaningful drug.

innovation

*The more than 180 employees who
comprise the company work cohesively to
assemble the pieces of the product puzzle.*

integrated



A Year of Continuity and Purpose

Fellow Stockholders:

No company that has made a successful transition from the development stage through to commercialization of a new drug of any consequence has enjoyed a straight-line trajectory along the way. Adolor is no exception. Following an NDA submission in June of 2004 comprising the results of three pivotal studies that evaluated the drug in some 2000 patients, 2005 saw the company receive a response from the FDA for the first indication for *Entereg* – management of postoperative ileus. The response was what is commonly called an “approvable letter.” Neither an approval nor a denial of approval, the letter was a request by the Agency for additional information regarding the drug, including a requirement that Adolor perform an additional clinical trial. This setback has caused a delay of approximately 18 months in the commercial launch of the product and reflects a failure to meet our primary objective for the year 2005.

Fortunately, at the time we received the FDA response, the company had begun to evaluate *Entereg* in what was intended to be a post-approval study to assess the timing of administration of the product. In an informational meeting with the FDA, we were able to confirm that the ongoing study could satisfy its request for additional information. Following the meeting, **we redoubled our efforts to complete the study expeditiously to minimize further delay in commercial launch.** In late November of 2005, we completed enrollment of the clinical study and in February we evaluated and disclosed the results.

By all measures, we believe the study was a great success and provides a sound basis for our response to the Agency's request.

We have been planning to formally respond to the FDA's request by June of 2006 and, based on our current progress, we are well positioned to achieve this goal. If the Agency decides that our submission satisfies its request, we would expect to receive its assent to market *Entereg* in the U.S. by the end of this year. In anticipation of a positive outcome, we are planning our commercial launch efforts around this timeline. The temporal setback suffered in the regulatory process and subsequent success of the additional study illustrates the difficulties that can be encountered in drug development and the need to be resilient and to persevere in the face of initial disappointment.

While the regulatory process for *Entereg* provided the headlines in 2005, there was a substantial effort underway to advance *Entereg* in other indications and to further the company's pipeline of other potential products. In September, GSK, our partner for the development of *Entereg*, initiated a large-scale program of pivotal clinical studies intended to confirm the efficacy of the product in opioid-induced bowel dysfunction, or OBD. OBD is a condition that is suffered by those who require opioid analgesics, such as oxycodone, for the relief of persistent pain. Persistent pain can be the result of many underlying diseases and conditions, including inflammatory diseases, cancer and osteoarthritis. An exploratory study conducted by GSK to evaluate *Entereg* for the treatment of OBD in non-cancer pain conditions, the results of which were available in the spring of 2005, demonstrated a marked improvement for the patients and provided the basis for pivotal clinical studies. These

pivotal studies have enrolled more quickly than both we and GSK had anticipated and, if successful, are expected to provide the basis for an NDA submission mid-year in 2007.

Apart from the *Entereg* programs, we are working on several other potential products. Among these is a sterile lidocaine patch, for which we initiated an

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exploratory trial in September of 2005. This product is intended to alleviate pain associated with surgical wounds by continuously leaching a well characterized local anesthetic, lidocaine, into the sutured wound and the surrounding tissue. Our expectation is that this product will diminish the pain arising from surgical incisions.

We also advanced the development of a Delta opioid analgesic in 2005. One of three subtypes of opioid receptor, Delta has been a sought after but elusive target for drug development. Discovered by our research team, this compound exhibited efficacy and acceptable safety in preclinical assessment and was the subject of a December 2005 IND submission to the FDA. While the Agency has required us to perform additional toxicity studies before initiating safety evaluation in man, we are optimistic that these will confirm our earlier preclinical safety evaluations.

If this proves to be the case, we should be in a position to evaluate safety in man later in 2006.

The common thread in these outwardly different programs is that they are intended to develop products that alleviate pain arising from various

diseases or conditions, or to reverse some of the most prevalent side effects suffered by patients

taking today's opioid pain medications. It is a worthy purpose, since medicine continues to extend life but often fails to address the inevitable consequences of that longer life. Adolor, Latin for "without pain," has pursued this purpose since its founding more than eleven years ago.

It is particularly important to reflect on this continuity of purpose in a year of transition. I

have had the privilege of guiding Adolor for the balance of 2005 following the former CEO's resignation in August. The success we have achieved in continuing the company's forward march is a tribute to the dedication of our employees. Their qualities -- innovation, resilience, persistence -- this is the fabric of Adolor.



David M. Madden
Interim President
and Chief Executive Officer

March 1, 2006



ADOLOR CORPORATION: 2005 STOCKHOLDER INFORMATION

ADOLOR COMMON STOCK LISTING

Our Common Stock is traded on the NASDAQ National Market® under the symbol ADLR.

FORWARD-LOOKING STATEMENT

Forward-looking statements can be identified by words such as "goals" "targets" "plans" "expectations" "anticipate" and others. Our forward-looking statements are subject to risks and uncertainties, known and unknown, that could cause actual results and developments to differ materially from those expressed or implied in such statements. Further information about these and other relevant risks and uncertainties may be found in Adolor's filings with the Securities and Exchange Commission, available in its EDGAR database at <http://www.sec.gov> and from Adolor. Given the uncertainties affecting pharmaceutical companies in the development stage, you are cautioned not to place undue reliance on any such forward-looking statements, any of which may turn out to be wrong due to inaccurate assumptions, unknown risks, uncertainties or other factors. Adolor undertakes no obligation to publicly update or revise the statements made herein or the risk factors that may relate thereto.

FORM 10-K

A copy of Adolor's Annual Report on Form 10-K for fiscal year ended December 31, 2005 is included with this Annual Report. A copy of Adolor's Annual Report on Form 10-K, filed with the Securities and Exchange Commission, is available without charge. Please contact: Adolor Corporation, Investor Relations, 700 Pennsylvania Drive, Exton, PA 19341.

ANNUAL STOCKHOLDERS MEETING

The annual meeting of stockholders will be held at 9:00 a.m. on Thursday, May 18, 2006, at the Philadelphia Marriott West, West Conshohocken, PA.

REGISTRAR AND TRANSFER AGENT

StockTrans
44 West Lancaster Avenue
Ardmore, PA 19003

COMPANY COUNSEL

Dechert LLP
Philadelphia, PA

AUDITORS

KPMG LLP
Philadelphia, PA

INVESTOR RELATIONS

Updated information about Adolor Corporation is available on the company's home page located on the World Wide Web at www.adolor.com.

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Donald E. Nickelson

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Vice President, Discovery

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