
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **August 30, 2012**

PEREGRINE PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of other jurisdiction
of incorporation)

0-17085
(Commission File Number)

95-3698422
(IRS Employer
Identification No.)

14282 Franklin Avenue, Tustin, California 92780
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(714) 508-6000**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
 - Soliciting material pursuant to Rule 14A-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On August 30, 2012, Peregrine Pharmaceuticals, Inc. (the "Company") and its wholly owned subsidiary, Avid Bioservices, Inc. ("Avid" and, collectively with the Company, the "Borrowers"), entered into a loan and security agreement (the "Loan Agreement") with Oxford Finance LLC as collateral agent and a lender, Silicon Valley Bank, and MidCap Financial SBIC, LP (collectively, the "Lenders"), under which the Borrowers may borrow up to \$30 million in two \$15 million tranches. Proceeds from the initial \$15 million tranche were received by the Company on August 30, 2012 (the "Term A Loan") and will be used to fund the Borrowers' ongoing working capital needs.

The Borrowers, at their option, may drawdown the second \$15 million tranche (the "Term B Loan"), if, on or before March 31, 2013, the Company achieves positive overall survival data in its bavituximab Phase II second-line non-small cell lung cancer ("NSCLC") clinical program and a positive End of Phase II meeting with the U.S. Food and Drug Administration regarding its bavituximab second-line NSCLC clinical program (defined as the Company moving into a Phase III trial design).

The Term A Loan bears interest at a fixed rate of 7.95% per annum. If accessed by the Borrowers, the Term B Loan will bear interest at a fixed rate equal to the greater of (i) 7.95% or (ii) the sum of the three-month U.S. LIBOR rate (but not less than 0.45%) upon closing the Term B Loan plus 7.50%. Payments for the Term A Loan are interest-only through March 31, 2013 (or, if the Term B Loan is accessed, September 30, 2013), followed by 30 equal monthly payments of principal and interest. Payments for the Term B Loan, if accessed by the Borrowers, are interest-only through September 30, 2013, followed by 30 equal monthly payments of principal and interest. The Term A Loan matures on September 1, 2015 or, if the Borrowers exercise their option to access the Term B Loan, both the Term A Loan and Term B Loan mature on March 1, 2016.

The Borrowers' obligations under the Loan Agreement are secured by a first-priority security interest in substantially all of the Borrowers' assets, excluding the Borrowers' intellectual property rights and assets.

In connection with the Loan Agreement, the Borrowers are obligated to pay a facility fee of \$300,000, of which \$150,000 was paid prior to the execution of the Loan Agreement, with the remaining \$150,000 due and payable upon the earlier of the (i) funding of the Term B Loan, (ii) March 31, 2013, or (iii) acceleration of the obligations following an event of default. Also, should the Borrowers meet the requirements to access the Term B Loan and elect not to drawdown the available funds, the Borrowers will pay a non-utilization fee of 1.50% of the Term B Loan amount by March 31, 2013. In addition, if the Borrowers repay all or a portion of the term loan prior to maturity, they will pay the Lenders a prepayment fee based on a percentage of the then outstanding principal balance being prepaid, equal to 3.00% if the prepayment occurs on or prior to August 30, 2013, 2.00% if the prepayment occurs between September 1, 2013 and August 30, 2014, or 1.00% if the prepayment occurs between September 1, 2014 and August 30, 2015. A final payment fee equal to 6.50% of the total amount funded under the Loan Agreement is due at the earlier of the term loan prepayment, maturity, or acceleration following an event of default.

The Loan Agreement also contains affirmative and negative covenants that, among other things restrict the ability of the Borrowers to:

- incur additional indebtedness or guarantees;
- incur liens;
- make investments, loans and acquisitions;
- consolidate or merge;
- sell or exclusively license assets, including capital stock of subsidiaries;
- alter the business of the Company;
- engage in transactions with affiliates; and
- pay dividends or make distributions.

The Loan Agreement also includes events of default, including, among other things, payment defaults, breaches of representations, warranties or covenants, certain bankruptcy events, the failure to achieve a positive End of Phase II meeting by June 30, 2013 and certain material adverse changes, including a material impairment of the perfection or priority of the Lenders' lien. Upon the occurrence of an event of default and following any applicable cure periods, a default interest rate of an additional 5.0% per annum may be applied to the outstanding loan balances, and the Lenders may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Loan Agreement.

In connection with the Loan Agreement, the Company agreed to issue to the Lenders six-year warrants (the "Warrants") to purchase shares of the Company's common stock upon the funding of each tranche in the amount equal to 4.50% of the amount of such tranche divided by the warrant exercise price, which is the lower of the average closing price of the Company's common stock for the 10 business days immediately prior to the funding date for such tranche or the closing price on the day prior to such funding date. As a result, upon the funding of the Term A Loan, the Company issued to the Lenders Warrants to purchase an aggregate of 273,280 shares of the Company's common stock at a per share price of \$2.47, which are exercisable immediately on a cash or cashless basis in whole or in part. The Warrants were issued in a private placement transaction that was exempt from registration under Section 4(2) of the Securities Act of 1933.

The descriptions of the Loan Agreement and Warrants contained herein do not purport to be complete and are qualified in their entirety by reference to the Loan Agreement and Warrants, copies of which will be filed with the Company's quarterly report on Form 10-Q for the quarter ending October 31, 2012. Portions of the Loan Agreement may be subject to a FOIA Confidential Treatment Request to the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. Any omitted material will be included in the request for confidential treatment.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth above in Item 1.01 of this Current Report on Form 8-K that relates to the creation of a direct financial obligation of the Company is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following material is filed as an exhibit to this Current Report on Form 8-K:

**Exhibit
Number**

99.1 Press Release issued August 30, 2012

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PEREGRINE PHARMACEUTICALS, INC.

Date: August 30, 2012

By: /s/ Paul J. Lytle
Paul J. Lytle
Chief Financial Officer

EXHIBIT INDEX

**Exhibit
Number**

Description

99.1

Press Release issued August 30, 2012



Contact:

Christopher Keenan or Jay Carlson

Peregrine Pharmaceuticals, Inc.

(800) 987-8256

info@peregrineinc.com

PEREGRINE PHARMACEUTICALS SECURES \$30 MILLION LOAN FACILITY

Tustin, CA August 30, 2012 -- Peregrine Pharmaceuticals, Inc. (Nasdaq: PPHM) today announced that it has secured a \$30 million term loan from Oxford Finance, which was the lead lender, MidCap Financial, and Silicon Valley Bank. Under the loan facility, the company received initial funding of \$15 million and has an option to receive an additional \$15 million.

"This loan facility strengthens our balance sheet as we approach near-term clinical milestones and continue our ongoing partnering discussions," said Paul J. Lytle, chief financial officer of Peregrine. "With the potential \$30 million in total funding, we will have sufficient capital to fund our operations for at least the next 12-months as we advance our lead program toward Phase III development. Leveraging the proof-of-concept data in our lead bavituximab indication in second-line non-small cell lung cancer and our growing contract manufacturing business, this facility accomplished the near-term financing goal we announced in mid-July. We appreciate the support of our lender group, their flexibility in structuring a two-tranched loan, and their confidence in the bavituximab program."

"Peregrine has been an innovator and leader in the development of PS-targeting monoclonal antibodies for the treatment of cancer," said Christopher A. Herr, managing director for Oxford Finance. "Oxford is pleased to provide capital to Peregrine, and is confident that the company's experienced management team and robust pipeline will ensure its continued success."

The loan agreement provides for monthly interest only payments through March 2013, or upon our satisfaction of certain conditions enabling us to draw upon the second tranche, through September 2013, and thereafter Peregrine will repay the principal and interest on a monthly basis through the maturity date of September 2015 (or March 2016 if tranche two is funded). The interest rate for borrowings under the loan facility will be fixed upon drawdown at a rate per annum equal to the greater of (i) 7.95% or (ii) the sum of (a) 7.5% and (b) the three month LIBOR rate. The loan is secured by a first priority security interest in all of the company's assets, other than its intellectual property and its rights under license agreements granting it rights to intellectual property. Pursuant to the loan facility, we are to issue to the lenders six-year warrants to purchase shares of the company's common stock equal to 4.50% of the amount funded at a price per share equal to the lower of the 10-day average share price prior to the applicable funding date or the price per share on the day prior to such funding date. In connection with the initial funding, the Company issued warrants to purchase an aggregate of 273,280 shares of common stock at an exercise price of \$2.47.

About Peregrine Pharmaceuticals

Peregrine Pharmaceuticals, Inc. is a biopharmaceutical company with a portfolio of innovative monoclonal antibodies in clinical trials for the treatment of cancer and serious viral infections. The company is pursuing multiple clinical programs in oncology with its lead product candidate bavituximab and novel brain cancer agent Cotara®. Peregrine also has in-house cGMP manufacturing capabilities through its wholly-owned subsidiary Avid Bioservices, Inc. (www.avidbio.com), which provides development and biomanufacturing services for both Peregrine and outside customers. Additional information about Peregrine can be found at www.peregrineinc.com.

About Oxford Finance LLC

Oxford Finance is a specialty finance firm providing senior secured loans to public and private life sciences and healthcare services companies worldwide. For over 20 years, Oxford has delivered flexible financing solutions to its clients, enabling these companies to maximize their equity by leveraging their assets. In recent years, Oxford has originated over \$1.5 billion in loans, with lines of credit ranging from \$500 thousand to \$50 million. Oxford is headquartered in Alexandria, Virginia, with additional offices in California, Massachusetts, Illinois and North Carolina. For more information visit www.oxfordfinance.com.

About MidCap Financial, LLC

MidCap Financial is a commercial finance company focused on middle market lending in the broad national healthcare industry. MidCap specializes in \$5 million to \$200 million loans. The company is headquartered in Bethesda, MD, with offices in Chicago and Los Angeles, and focuses in four areas:

- Asset-Based working capital loans to healthcare providers collateralized by third-party accounts receivable and other assets;
- Leveraged loans to healthcare companies backed by private equity sponsors;
- Life Sciences loans to VC-backed and public pharmaceutical, biotech, and medical device companies;
- Real Estate loans to skilled nursing facilities, senior housing properties, and medical office buildings

Additional information about MidCap Financial can be found at www.midcapfinancial.com

About Silicon Valley Bank

Silicon Valley Bank is the premier bank for technology, life science, cleantech, venture capital, private equity and premium wine businesses. SVB provides industry knowledge and connections, financing, treasury management, corporate investment and international banking services to its clients worldwide through 27 U.S. offices and seven international operations. (Nasdaq: SIVB) www.svb.com.

Silicon Valley Bank is the California bank subsidiary and the commercial banking operation of SVB Financial Group. Banking services are provided by Silicon Valley Bank, a member of the FDIC and the Federal Reserve System. SVB Private Bank is a division of Silicon Valley Bank. SVB Financial Group is also a member of the Federal Reserve System.

Safe Harbor Statement: Statements in this press release which are not purely historical, including statements regarding Peregrine Pharmaceuticals' intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements involve risks and uncertainties including, but not limited to, the risk the company may not satisfy the conditions necessary to gain access to the second tranche under the loan facility. It is important to note that the Company's actual results could differ materially from those in any such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, uncertainties associated with completing preclinical and clinical trials for our technologies; the early stage of product development; the significant costs to develop our products as all of our products are currently in development, preclinical studies or clinical trials; obtaining additional financing to support our operations and the development of our products; obtaining regulatory approval for our technologies; anticipated timing of regulatory filings and the potential success in gaining regulatory approval and complying with governmental regulations applicable to our business. Our business could be affected by a number of other factors, including the risk factors listed from time to time in the company's SEC reports including, but not limited to, the annual report on Form 10-K for the fiscal year ended April 30, 2012. The company cautions investors not to place undue reliance on the forward-looking statements contained in this press release. Peregrine Pharmaceuticals, Inc. disclaims any obligation, and does not undertake to update or revise any forward-looking statements in this press release.