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Peregrine Enters Contract Negotiations With U.S. DTRA for Hemorrhagic Fevers

- U.S. Department of Defense Agency Has Selected Peregrine for a Multi-Year Award That Could Total $44.5 Million Pending Successful Contract Negotiations -

TUSTIN, Calif., July 23 /PRNewswire-FirstCall/ -- Peregrine Pharmaceuticals, Inc. (Nasdaq: PPHM), a clinical stage biopharmaceutical company developing monoclonal antibodies for the treatment of cancer and hepatitis C virus (HCV) infection, today announced that the company's proposal to investigate its antiviral agent bavituximab and other anti-phosphotidylserine (anti-PS) antibodies as potential therapies for hemorrhagic fever virus (HFV) infections has been selected for a contract award by the Defense Threat Reduction Agency (DTRA) of the U.S. Department of Defense (DOD), pending negotiation of a final contract. In its notification announcing the selection of Peregrine's proposal, DTRA stated that its goal is to finalize the contract award within the next few months.

Peregrine outlined a five-year program in its proposal to the DTRA's 2007 Transformational Medical Technologies Initiative to assess the utility of its clinical stage anti-PS product candidate bavituximab and other anti-PS antibodies as potential therapies for HFV infections. Bavituximab is a monoclonal antibody that in preclinical studies has demonstrated encouraging activity against diverse viruses, including a hemorrhagic fever virus. Peregrine is developing bavituximab for the treatment of chronic hepatitis C virus infections and has completed two HCV clinical studies showing a positive safety profile and promising signs of antiviral activity. This proposal includes funding for preclinical studies designed to confirm its antiviral activity against HFV infections, manufacturing and product scale-up and initiation of clinical trials.

In the proposal submitted to the DTRA, Peregrine has sought funding of approximately $44.5 million over the five years of the proposed project. The DTRA accepted Peregrine's full proposal as the basis for contract negotiations. The final scope of the contract award will be negotiated as part of this process.

"We are very pleased that our proposal to the DTRA has been selected for a contract award pending successful negotiation of a final contract," said Steven W. King, president and CEO of Peregrine. "The submitted proposal represents an excellent opportunity to move our programs forward in an area of antiviral research that we likely would not pursue without outside funding. The hemorrhagic fever viruses include deadly species that are believed to present significant threats as potential bio-weapons, and we therefore welcome the opportunity to obtain federal government support to help assess the potential of our anti-PS technology in the treatment of these dreaded diseases. The DTRA has indicated it hopes to conclude contract negotiations in a timely manner, and we look forward to being able to report on the outcome of these negotiations in the near future."

About Bavituximab and Anti-PS Immunotherapeutics

Bavituximab is the first investigational agent in a new class of anti-phosphotidylserine (anti-PS) monoclonal antibodies that targets and binds to cellular components that are normally not present on the outside of cells, but that become exposed on certain virally infected cells and on the surface of enveloped viruses. It is thought that anti-PS agents help stimulate the body's immune defenses to destroy both the virus particles and the infected cells. In preclinical studies, anti-PS antibodies have demonstrated their ability to bind to a wide range of enveloped viruses, as well as showing promising activity in animal models of serious viral diseases. Bavituximab was well tolerated and showed encouraging signs of antiviral activity in Phase l trials in patients with chronic hepatitis C viral infection. A clinical trial in patients co-infected with HCV and HIV is currently underway. Similar to the proposed antiviral mechanism, anti-PS agents also bind to phospholipids exposed on tumor blood vessels in all solid cancers tested to date. Bavituximab has demonstrated positive signs of anti-tumor activity in a Phase l trial in combination with chemotherapy in late stage cancer patients and a Phase II protocol has recently been submitted to treat lung cancer patients in combination with chemotherapy.

About the Defense Threat Reduction Agency

The Defense Threat Reduction Agency (DTRA) was founded in 1998 to integrate and focus the capabilities of the Department of Defense that address the weapons of mass destruction (WMD) threat. The mission of the DTRA is to safeguard America and its allies from WMD (chemical, biological, radiological, nuclear, and high yield explosives) by providing capabilities to reduce, eliminate, and counter the threat, and mitigate its effects. Under DTRA, Department of Defense resources, expertise and capabilities are combined to ensure the United States remains ready and able to address the present and future WMD threat.

About Peregrine Pharmaceuticals

Peregrine Pharmaceuticals, Inc., is a biopharmaceutical company with a portfolio of innovative product candidates in clinical trials for the treatment of cancer and hepatitis C virus (HCV) infection. The company is pursuing three separate clinical programs in cancer and HCV infection in the U.S. and India with its lead product candidates bavituximab and Cotara®. Peregrine also has in-house manufacturing capabilities through its wholly owned subsidiary Avid Bioservices, Inc. (http://www.avidbio.com), which provides development and bio-manufacturing services for both Peregrine and outside customers. Additional information about Peregrine can be found at http://www.peregrineinc.com.

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 that the Company and the DTRA will not be able to negotiate and agree to the final terms of a contract governing the award. 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 year ended April 30, 2007. 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.

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