As filed with the Securities and Exchange Commission on April 30, 1999

Registration No. 333-73417

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1 TO
REGISTRATION STATEMENT
ON FORM S-3
UNDER THE SECURITIES ACT OF 1933

TECHNICLONE CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	95-3698422
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14282 FRANKLIN AVENUE,
TUSTIN, CALIFORNIA 92780-7017
(714) 508-6000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

LARRY O. BYMASTER	WITH COPIES TO:
14282 FRANKLIN AVENUE,	THOMAS J. CRANE, ESQ.
TUSTIN, CALIFORNIA 92780-7017	KENT M. CLAYTON, ESQ.
(714) 508-6000	RUTAN & TUCKER, LLP
(Name, address, including zip code, and , telephone number including area code, of agent for service)	611 ANTON BLVD.
	SUITE 1400
	COSTA MESA, CA 92626
	(714) 641-5100

APPROXIMATE DATE OF PROPOSED SALE TO THE PUBLIC:

From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. |_|

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. |X|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If delivery of the prospectus is expected to be made pursuant to Rule 434,please check the following box. |_|

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $95,032,000 as of February 24, 1999, based upon the price at which such stock was last sold in the principal market for such stock as of such date.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGIS-TRATION FEE(3)
Common Stock, $.001 par value (4)	605,154	$ 0.875	$ 529,510	$159
Shares of Common Stock, $.001 par value, Issuable Upon Exercise of Warrants to Purchase Common Stock (5)	25,454	$ 1.375	$ 35,000	$ 11
Shares of Common Stock, $.001 par value, Issuable Upon Exercise of Warrants to Purchase Common Stock(6)	26,086	$ 0.875	$ 22,826	$ 7
Common Stock, $.001 par value (7)	47,727	$ 0.875	$ 41,762	$ 13

Common Stock, $.001 par value (8)	1,781,250	$ 0.875	$ 1,558,594	$ 468
Shares of Common Stock, $.001 par value, Issuable Upon Exercise of Warrants to Purchase Common Stock (9)	178,125	$ 0.875	$ 155,860	$ 47

(1) In the event of a stock split, stock dividend or similar transaction involving the Common Stock, in order to prevent dilution, the number of shares registered shall automatically be increased to cover the additional shares in accordance with Rule 416(a) under the Securities Act of 1933, as amended (the "Securities Act").

(2) In accordance with Rule 457(c), the aggregate offering price of shares of Common Stock of Techniclone Corporation is estimated solely for purposes of calculating the registration fees payable pursuant hereto, as determined in accordance with Rule 457(c), using the average of the high and low sales price reported by the Nasdaq SmallCap Market for the Common Stock on April 23, 1999, which was $0.875 per share and, with respect to shares of Common Stock of the Company issuable upon exercise of outstanding warrants, the higher of (i) such average sales price or (ii) the exercise price of such warrants..

(3) Previously paid.

(4) Represents shares of Common Stock issued to Dunwoody Brokerage Services, Inc. pursuant to the terms of a Placement Agent Agreement dated as of June 16, 1998 by and between the Company and the Registered Stockholder, as successor in interest to Swartz Investments LLC, a Georgia limited liability company d/b/a Swartz Institutional Finance, in connection with the issuance of shares of Common Stock to two institutional investors pursuant to the terms of a Regulation D Common Stock Equity Line Subscription Agreement dated as of June 16,1998, by and between the Company and the two institutional investors, as follows: (i) 203,636 shares of Common Stock issued to Dunwoody Brokerage Services, Inc. on or about June 16, 1998, as a placement agent fee in connection with the placement and sale of 2,545,454 shares of Common Stock to the two institutional investors; (ii) 60,515 shares of Common Stock issued to Dunwoody Brokerage Services, Inc. on or about December 24, 1998, as an adjustment to the placement agent fee pursuant to the terms of the Placement Agent Agreement and in connection with the issuance of an additional 96,055 shares of Common Stock to the two institutional investors; (iii) 260,869 shares of Common Stock were issued to Dunwoody Brokerage Services, Inc. on or about February 2, 1999, as a placement agent fee in connection with the placement and sale of 2,608,695 shares of Common Stock to the two institutional investors; and (iv) 80,134 shares of Common Stock were issued to Dunwoody Brokerage Services, Inc. on or about April 15, 1999 in connection with the issuance of 801,347 shares of Common Stock to the two institutional investors.

(5) Includes 20,363 shares of Common Stock issuable to Dunwoody Brokerage Services, Inc. upon exercise of outstanding warrants, exercisable at any time until December 31, 2004 at an exercise price of $1.375 per share, issued to Dunwoody Brokerage Services, Inc. on or about June 16, 1998 as a placement agent fee in connection with the placement and sale of 2,545,454 shares of Common Stock to the two institutional investors and an addtional 5,091 shares of Common Stock issuable to Dunwoody Brokerage Services, Inc. upon exercise of outstanding warrants, exercisable at any time until December 31, 2004 at an exercise price of $1.375 per share, issued to Dunwoody Brokerage Services, Inc. on or about December 24, 1998, as a placement agent fee in connection with the issuance of 96,055 shares of Common Stock to the two institutional investors.

(6) Represents shares of Common Stock issuable to Dunwoody Brokerage Services, Inc. upon exercise of outstanding warrants, exercisable at any time until December 31, 2004 at an exercise price of $0.8625 per share, issued to Dunwoody Brokerage Services, Inc. on or about February 2, 1999, as a placement agent fee in connection with the placement and sale of 2,608,695 shares of Common Stock to the two institutional investors.

(7) Represents shares of Common Stock that may be issued to Dunwoody Brokerage Services, Inc. on or about July 15, 1999 pursuant to the terms of the Regulation D Common Stock Equity Line Subscription Agreement between Techniclone Corporation and the two institutional investors upon adjustment of the purchase price for the initial shares of Common Stock purchased by the two institutional investors in June 1998, based on a reasonable estimate of a potential 10-day low closing bid price immediately preceding such date (estimated solely for purposes of this registration statement to be not less than $1.00 per share of Common Stock, which allows Techniclone Corporation to sell the maximum number of shares to the two institutional investors under the terms of the Regulation D Common Stock Equity Line Subscription Agreement). In the event the number of shares registered hereby to be issued to Dunwoody Brokerage Services, Inc. in connection with the issuance of the shares of Common Stock on or about such date to the two institutional investors Institutional Investors is insufficient, Techniclone Corporation will use other shares registered hereby for the purpose of satisfying its obligations under the Placement Agent Agreement and the Regulation D Common Stock Equity Line Subscription Agreement to deliver registered shares to Dunwoody Brokerage Services, Inc. in connection with the issuance of such shares on or about such date to the two institutional investors.

(8) Represents shares of Common Stock issuable to Dunwoody Brokerage Services, Inc. pursuant to the Placement Agent Agreement and the Regulation D Common Stock Equity Line Subscription Agreement equal to 10% of the number of shares issuable to the two institutional investors pursuant to the Regulation D Common Stock Equity Line Subscription Agreement. Upon written notice given by Techniclone Corporation to the two institutional investors, no more than one time during any monthly period until June 16, 2001, Techniclone Corporation may sell to the two institutional investors a number of shares equal to up to $2,250,000 (which amount may be increased up to $5,000,000 by mutual agreement of the parties), less the aggregate dollar amount of any shares sold to the two institutional investors during

the three month period immediately preceding the date such notice is given, divided by (i) 82.5% of the lowest closing bid price during the ten trading days immediately preceding the date such shares are sold (estimated solely for purposes of this registration statement to be not less than $1.00 per share of Common Stock, which allows Techniclone Corporation to sell the maximum number of shares to the two institutional investors under the terms of the Regulation D Common Stock Equity Line Subscription Agreement), or (ii) if 82.5% of such 10-day low closing bid price results in a discount of less than twenty cents ($0.20) per share from such 10-day low closing bid price, such 10-day low closing bid price minus twenty cents ($0.20); provided, that the number of such shares is limited to the same number of shares of restricted securities that the two institutional investors would otherwise be able to sell pursuant to Rule 144(e) promulgated under the Securities Act, subject to a maximum remaining dollar amount of $14,250,000 of shares of Common Stock and to certain other limitations and restrictions (the "Equity Line Shares").

(9) Represents shares of Common Stock issuable to Dunwoody Brokerage Services, Inc. upon exercise of outstanding warrants issuable to Dunwoody Brokerage Services, Inc. pursuant to the Placement Agent Agreement and the Regulation D Common Stock Equity Line Subscription Agreement. equal to 10% of the number of shares issuable upon exercise of warrants issuable to the two institutional investors pursuant to the Regulation D Common Stock Equity Line Subscription Agreement. Pursuant to the terms of the Regulation D Common Stock Equity Line Subscription Agreement, Techniclone Corporation is required to issue to the two institutional investors warrants to purchase a number of shares of Common Stock equal to 10% of the number of shares of Common Stock sold to the two institutional investors at exercise prices equal to the respective prices per share at which such shares were sold to the Institutional Investors and, to the extent that the relevant minimum aggregate commitment amount under the Regulation D Common Stock Equity Line Subscription Agreement is not fully utilized by Techniclone Corporation, shares of Common Stock issuable to the two institutional investors upon exercise of warrants to be issued to the two institutional investors on each of June 16, 1999, June 16, 2000 and June 16, 2001, to purchase a number of shares of Common Stock equal to 10% of an amount equal to the difference of the relevant minimum aggregate commitment amount ($6,666,667 for 1999, $13,333,333 for 2000 and $20,000,000 for 2001) minus the aggregate amount of Common Stock sold to the two institutional investors during all years preceding such date, divided by the 10-day low closing bid price of the Common Stock immediately preceding such date (estimated solely for purposes of this registration statement to be not less than $1.00 per share of Common Stock, which allows Techniclone Corporation to sell the maximum number of shares of Common Stock to the two institutional investors under the terms of the Regulation D Common Stock Equity Line Subscription Agreement), at an exercise price equal to the 10-day low closing bid price of the Common Stock immediately preceding such date.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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SUBJECT TO COMPLETION DATED APRIL 30, 1999

PROSPECTUS

2,663,796 SHARES

[Techniclone Corporation Logo Here]

TECHNICLONE CORPORATION

COMMON STOCK

This Prospectus relates to the resale, from time to time, of up to 2,663,796 shares of Common Stock of Techniclone Corporation by Dunwoody Brokerage Services, Inc. This Prospectus has been prepared for the purpose of registering the shares offered by this Prospectus under the Securities Act of 1933, as amended, to allow for future sales by Dunwoody Brokerage Services, Inc. to the public without restriction. All or a portion of the shares offered by this Prospectus may be offered for sale, from time to time, by Dunwoody Brokerage Services, Inc. for its own benefit, pursuant to this Prospectus. See "Dunwoody Brokerage Services, Inc. - The Selling Stockholder" and "Plan of Distribution."

Dunwoody Brokerage Services, Inc. is an "underwriter" within the meaning of the Securities Act of 1933, as amended, in connection with the sale of the shares of Common Stock offered hereby. Dunwoody Brokerage Services, Inc. will pay all commissions, transfer taxes and other expenses associated with the sales of the shares of Common Stock by it. Techniclone will pay the expenses of the preparation of this Prospectus. Techniclone will not receive any of the proceeds from the sale of the shares of Common Stock sold by Dunwoody Brokerage Services, Inc. Techniclone will not receive any proceeds from the exercise of the warrants issued or issuable to Dunwoody Brokerage Services, Inc., which may only be exercised pursuant to a cashless exercise by Dunwoody Brokerage Services, Inc. See "Plan of Distribution."

Techniclone's Common Stock is registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended, and is listed on The Nasdaq SmallCap Market under the symbol "TCLN". On April 23, 1999, the last reported sale price of the Common Stock on The Nasdaq SmallCap Market was $0.875 per share.

INVESTING IN THE COMMON STOCK INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 4.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

April, 1999

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

TECHNICLONE CORPORATION

Techniclone Corporation was incorporated in the State of Delaware on September 25, 1996. On March 24, 1997, Techniclone International Corporation, a California corporation (a predecessor company incorporated in June 1981), was merged with and into Techniclone Corporation, a Delaware corporation. This merger was effected for the purpose of effecting a change in our state of incorporation from California to Delaware and making certain changes in our charter documents. As used in this Prospectus, the terms "we," "us," "our" and "Techniclone" refers to Techniclone Corporation, Techniclone International Corporation, its former subsidiary, Cancer Biologics Incorporated, which was merged into the Company on July 26, 1994 and its wholly-owned subsidiary Peregrine Pharmaceuticals, Inc., a Delaware corporation.

Techniclone is engaged in the research, development and commercialization of novel cancer therapeutics in two principal areas - direct tumor targeting agents for the treatment of refractory malignant lymphoma and collateral tumor targeting agents for the treatment of solid tumors. Our most advanced direct tumor targeting agent candidate, Oncolym(R), is currently being studied in advanced clinical trials for the treatment of intermediate and high-grade relapsed or refractory B-cell non-Hodgkins lymphoma at nine participating medical centers, and we or our licensee, Schering A.G., Germany, may add additional clinical trial sites for Oncolym(R) in the future. Following the completion of the clinical trials, we or our licensee, Schering A.G., Germany, expect to file an application with the United States Food and Drug Administration to market Oncolym(R) in the United States.

Collateral tumor targeting is the therapeutic strategy of targeting peripheral structures and cell types, other than the viable cancer cells directly, as a means to treat solid tumors. We are currently developing three advanced collateral targeting agents for solid tumors: tumor necrosis therapy, which is potentially capable of carrying a wide variety of therapeutic agents to the interior of solid tumors and irradiating the tumor from the inside out; vaseopermeation enhancement agents, which increase the permeability of the tumor site and increase the concentration of killing agents at the core of the tumor; and vascular targeting agents, which shuts down the capillaries and blood vessels that serve solid tumors and destroys the vascular structure of the tumor. Clinical trials of our tumor necrosis therapy agent for the treatment of malignant glioma (I.E., brain cancer) are currently being conducted at one medical center, with additional sites underway, and additional trials for the treatment of pancreatic, prostrate and liver solid tumors will soon be conducted at a clinical site in Mexico City. Our scientists are doing preliminary studies on vaseopermeation enhancement agents and on vascular targeting agents.

To date, we have not received any significant revenues. However, on March 8, 1999 we entered into a license agreement with Schering A.G., Germany, a major international pharmaceutical company, with respect to the development, manufacture and marketing of our most advanced direct tumor targeting agent candidate, Oncolym(R), pursuant to which we received an initial $3 million payment and which provides for additional payments of up to $14 million upon the completion of certain milestones. The agreement also provides for royalties based on sales of Oncolym(R) products.

Our principal executive offices are located at 14282 Franklin Avenue, Tustin, California 92780-7017 and our telephone number is (714) 508-6000.

RISK FACTORS

INVESTMENT IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CONSIDER THE FOLLOWING DISCUSSION OF RISKS AS WELL AS OTHER INFORMATION IN THIS PROSPECTUS BEFORE PURCHASING ANY OF OUR COMMON STOCK, TOGETHER WITH ALL OF THE OTHER INFORMATION SET FORTH HEREIN OR INCORPORATED HEREIN BY REFERENCE IN THIS PROSPECTUS.

EXCEPT FOR HISTORICAL INFORMATION, THE INFORMATION CONTAINED IN THIS PROSPECTUS AND IN OUR REPORTS FILED WITH THE SEC ARE "FORWARD LOOKING" STATEMENTS ABOUT OUR EXPECTED FUTURE BUSINESS AND FINANCIAL PERFORMANCE. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, INCLUDING, AMONG OTHERS, RISKS RESULTING FROM ECONOMIC AND MARKET CONDITIONS, THE REGULATORY ENVIRONMENT IN WHICH WE OPERATE, PRICING PRESSURES, ACCURATELY FORECASTING OPERATING AND CAPITAL EXPENDITURES AND CLINICAL TRIAL COSTS, COMPETITIVE ACTIVITIES, UNCERTAINTIES OF LITIGATION AND OTHER BUSINESS CONDITIONS, AND ARE SUBJECT TO UNCERTAINTIES AND ASSUMPTIONS SET FORTH ELSEWHERE IN THIS PROSPECTUS. WE BASE OUR FORWARD-LOOKING STATEMENTS ON INFORMATION CURRENTLY AVAILABLE TO US, AND WE ASSUME NO OBLIGATION TO UPDATE THESE STATEMENTS. OUR ACTUAL OPERATING RESULTS AND FINANCIAL PERFORMANCE MAY PROVE TO BE VERY DIFFERENT FROM WHAT WE MIGHT HAVE PREDICTED AS OF THE DATE OF THIS PROSPECTUS DUE TO CERTAIN RISKS AND UNCERTAINTIES. THE RISKS DESCRIBED BELOW SPECIFICALLY ADDRESS SOME OF THE FACTORS THAT MAY AFFECT OUR FUTURE OPERATING RESULTS AND FINANCIAL PERFORMANCE.

IF WE CANNOT OBTAIN ADDITIONAL FUNDING, OUR PRODUCT DEVELOPMENT AND COMMERCIALIZATION EFFORTS MAY BE REDUCED OR DISCONTINUED

We have expended, and will continue to expend, substantial funds on the development of our product candidates and for clinical trials. As a result, we have experienced negative cash flows from operations since inception and expect the negative cash flow from operations to continue for the foreseeable future. We currently have commitments to expend additional funds for antibody and radioactive isotope combination services, clinical trials, product development contracts, license contracts, severance arrangements, employment agreements, consulting agreements, and for the repurchase of marketing rights to certain product technology. We expect operating expenditures related to clinical trials to increase in the future as clinical trial activity increases and scale-up for clinical trial production continues. We also expect that the monthly negative cash flow will continue. We will require additional funding to sustain our research and development efforts, provide for future clinical trials, expand our manufacturing and product commercialization capabilities, and continue our operations until we able to generate sufficient revenue from the sale and/or licensing of our products. Our ability to access funds under our Regulation D Common Stock Equity Line Subscription Agreement with two institutional investors is subject to the satisfaction of certain conditions and the failure to satisfy these conditions may limit or preclude our ability to access such funds, which could negatively affect our financial position unless additional financing sources are available. We cannot be certain whether we can obtain required additional funding on terms satisfactory to us, if at all. If we do raise additional funds through the issuance of equity or convertible debt securities, your stock ownership will be diluted and these new securities may have rights, preferences or privileges senior to yours. If we are unable to raise additional funds when necessary, we may have to reduce or discontinue development, commercialization or clinical testing of some or all of our product candidates or enter into financing arrangements on terms which we would not otherwise accept.

WE HAVE HAD SIGNIFICANT LOSSES AND ANTICIPATE FUTURE LOSSES

We have experienced significant losses since inception. As of January 31, 1999, our accumulated deficit was approximately $84,429,000. We expect to incur significant additional operating losses in the future and expect cumulative losses to increase substantially due to expanded research and development efforts, preclinical studies and clinical trials, and scale-up of manufacturing

and product commercialization capabilities. We also expect losses to fluctuate substantially from quarter to quarter. All of our products are currently in development, preclinical studies or clinical trials, and no significant revenues have been generated from product sales. To achieve and sustain profitable operations, we must successfully develop and obtain regulatory approval for our products, either alone or with others, and must also manufacture, introduce, market and sell our products. The time frame necessary to achieve market success for our products is long and uncertain. We do not expect to generate significant product revenues for the next year. There can be no guarantee that we will ever generate product revenues sufficient to become profitable or to sustain profitability.

PROBLEMS IN PRODUCT DEVELOPMENT MAY CAUSE OUR CASH DEPLETION RATE TO INCREASE

Our ability to obtain financing and to manage expenses and our cash depletion rate is the key to the continued development of product candidates and the completion of ongoing clinical trials. Our cash depletion rate will vary substantially from quarter to quarter as we fund non-recurring items associated with clinical trials, product development, antibody manufacturing and facility expansion and scale-up, patent legal fees and various consulting fees. We have limited experience with clinical trials and if we encounter unexpected difficulties with our operations or clinical trials, we may have to expend additional funds, which would increase our cash depletion rate.

OUR PRODUCT DEVELOPMENT AND COMMERCIALIZATION EFFORTS MAY NOT BE SUCCESSFUL

Since inception, we have been engaged in the development of drugs and related therapies for the treatment of people with cancer. Our product candidates, which have not received regulatory approval, are generally in the early stages of development. If the initial results from any of the clinical trials are poor, those results will adversely effect our ability to raise additional capital, which will affect our ability to continue full-scale research and development for our antibody technologies. In addition, product candidates resulting from our research and development efforts, if any, are not expected to be available commercially for at least the next year. Our products currently in clinical trials represent a departure from more commonly used methods for cancer treatment. These products, if approved, may experience under-utilization by doctors who are unfamiliar with their application in the treatment of cancer. As with any new drug, doctors may be inclined to continue to treat patients with conventional therapies, in most cases chemotherapy, rather than new alternative therapies. We or our marketing partner may be required to implement an aggressive education and promotion plan with doctors in order to gain market recognition, understanding and acceptance of our products. Market acceptance could also be affected by the availability of third party reimbursement. Accordingly, we cannot guarantee that our product development efforts, including clinical trials, or commercialization efforts will be successful or that any of our products, if approved, can be successfully marketed.

WE MAY NOT BE ABLE TO SCALE-UP OUR FACILITIES TO IMPLEMENT COMMERCIAL PRODUCTION OF OUR PRODUCTS

In order to conduct clinical trials on a timely basis, obtain regulatory approval and be commercially successful, we must scale-up our manufacturing and product commercialization processes so that our product candidates, if approved, can be manufactured and produced in commercial quantities. To date, we have expended significant funds for the scale-up of our antibody manufacturing capabilities for clinical trial requirements for two of our product candidates and for refinement of the production processes. We intend to use existing antibody manufacturing capacity to meet the clinical trial requirements for these two product candidates and to support the initial commercialization of these product candidates, if approved. In order to provide additional capacity, we must successfully negotiate agreements with contract antibody manufacturers to have these products produced, the cost of which is estimated to be several million dollars in start-up costs and additional production costs on a "per run

basis". Such contracts would also require an additional investment estimated at five to nine million dollars over the next two years for required equipment and related production area enhancements, and for vendor services associated with technology transfer assistance, scale-up and production start-up, and for regulatory assistance. We have limited manufacturing experience, and cannot make any guarantee as to our ability to scale-up our manufacturing operations, the suitability of our present facility for clinical trial production or commercial production, our ability to make a successful transition to commercial production or our ability to reach an acceptable agreement with one or more contract manufacturers to produce any of our other product candidates, if approved, in clinical or commercial quantities.

OUR TECHNOLOGY AND PRODUCTS MAY PROVE INEFFECTIVE OR BE TOO EXPENSIVE TO MARKET SUCCESSFULLY

Our future success is significantly dependent on our ability to develop and test workable products for which we will seek approval from the United States Food & Drug Administration to market to certain defined patient groups. There is a significant risk as to the performance and commercial success of our technology and products. The products we are currently developing will require significant additional laboratory and clinical testing and investment over the foreseeable future. Although we are optimistic that we will be able to complete development of one or more products, our proposed products may not prove to be effective in clinical trials or they may cause harmful side effects during clinical trials. In addition, our product candidates, if approved, may prove impracticable to manufacture in commercial quantities at a reasonable cost and/or with acceptable quality. Any of these factors could negatively affect our financial position and results of operations.

OUR DEPENDENCY ON A LIMITED NUMBER OF SUPPLIERS MAY NEGATIVELY IMPACT OUR ABILITY TO COMPLETE CLINICAL TRIALS AND MARKET OUR PRODUCTS

We currently procure, and intend in the future to procure, our antibody and radioactive isotope combination services pursuant to negotiated contracts with two domestic entities, one Canadian entity and one European entity. We cannot guarantee that these suppliers will be able to qualify their facilities or label and supply antibody in a timely manner, if at all. Prior to commercial distribution of any of our products, if approved, we will be required to identify and contract with a commercial company for commercial antibody and radioactive isotope combination services. We are presently in discussions with a few companies to provide commercial antibody and radioactive isotope combination services. We also currently rely on, and expect in the future to rely on, our current suppliers for all or a significant portion of our requirements for our antibody products. Antibody that has been combined with a radioactive isotope cannot be stockpiled against future shortages. Accordingly, any change in our existing or future contractual relationships with, or an interruption in supply from, any such third-party service provider or antibody supplier could negatively impact our ability to complete ongoing clinical trials and to market our products, if approved.

WE DO NOT HAVE A SALES FORCE TO MARKET OUR PRODUCTS

At the present time, we do not have a sales force to market any of our products, if and when they are approved. We intend to sell our products in the United States and internationally in collaboration with one or more marketing partners. If and when we receive approval from the United States Food & Drug Administration for our initial product candidates, the marketing of these products will be contingent upon our ability to either license or enter into a marketing agreement with a large company or our ability to recruit, develop, train and deploy our own sales force. We do not presently possess the resources or experience necessary to market any of our product candidates. Other than an

agreement with Schering A.G., Germany with respect to the marketing of our direct tumor targeting agent product, Oncolym(R), we presently have no agreements for the licensing or marketing of our product candidates, and we cannot assure you that we will be able to enter into any such agreements in a timely manner or on commercially favorable terms, if at all. Development of an effective sales force requires significant financial resources, time and expertise. We cannot assure you that we will be able to obtain the financing necessary to establish such a sales force in a timely or cost effective manner, if at all, or that such a sales force will be capable of generating demand for our product candidates, if and when they are approved.

WE MAINTAIN ONLY LIMITED PRODUCT LIABILITY INSURANCE AND MAY BE EXPOSED TO CLAIMS IF OUR INSURANCE COVERAGE IS INSUFFICIENT

The manufacture and sale of human therapeutic products involves an inherent risk of product liability claims. We maintain only limited product liability insurance. We cannot assure you that we will be able to maintain existing insurance or obtain additional product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Product liability insurance is expensive, difficult to obtain and may not be available in the future on acceptable terms, if at all. Our inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims in excess of our insurance coverage, if any, or a product recall could negatively impact our financial position and results of operations.

EARTHQUAKES MAY DAMAGE OUR FACILITIES

Our corporate and research facilities, where the majority of our research and development activities are conducted, are located near major earthquake faults which have experienced earthquakes in the past. Although we carry limited earthquake insurance, in the event of a major earthquake or other disaster in or near the greater Southern California area, our facilities may sustain significant damage and our operations would be negatively affected.

THE LIQUIDITY OF OUR COMMON STOCK MAY BE ADVERSELY AFFECTED IF OUR COMMON STOCK IS DELISTED FROM THE NASDAQ SMALLCAP MARKET

The Common Stock is presently traded on The Nasdaq SmallCap Market. To maintain inclusion on The Nasdaq SmallCap Market, we must continue to have either net tangible assets of at least $2,000,000, market capitalization of at least $35,000,000, or net income (in either our latest fiscal year or in two of our last three fiscal years) of at least $500,000. In addition, we must meet other requirements, including, but not limited to, having a public float of at least 500,000 shares and $1,000,000, a minimum closing bid price of $1.00 per share of Common Stock (without falling below this minimum bid price for a period of 30 consecutive trading days), at least two market makers and at least 300 stockholders, each holding at least 100 shares of Common Stock. At various times, we have failed to maintain a $1.00 minimum closing bid price for extended periods of time and expect the closing bid price of the Common Stock to fall below the $1.00 minimum bid requirement from time to time in the future. As of April 28, 1999, we have failed to maintain a $1.00 minimum closing bid price for 17 consecutive trading days. If we fail to meet the minimum closing bid price of $1.00 for a period of 30 consecutive trading days, we will be notified by The Nasdaq Stock Market and will then have a period of 90 calendar days from such notification to achieve compliance with the applicable standard by meeting the minimum closing bid price requirement for at least 10 consecutive trading days during such 90 day period. We cannot guarantee that we will be able to maintain these requirements in the future. If we fail to meet any of The Nasdaq SmallCap Market listing requirements, the market value of the Common Stock could fall and holders of Common Stock would likely find it more difficult to dispose of the Common Stock. In addition, if the minimum closing bid price of the Common Stock is not at least $1.00 per share for 10 consecutive trading days before we make a call for proceeds under our Regulation D Common Stock Equity Line Subscription Agreement with two institutional investors or if the Common Stock ceases to be included on The Nasdaq SmallCap Market, we would have limited or no access to funds under the Regulation D Common Stock Equity Line Subscription Agreement.

Moreover, should the market price of the Common Stock fall significantly, we would be required to issue to the two institutional investors a much greater number of shares than we would otherwise if the market price were stable or rising, which could cause the market price of the Common Stock to fall further and faster. In addition, the Company and broker-dealers effecting transactions in the Common Stock may become subject to additional disclosure and reporting requirements applicable to low-priced securities, which may reduce the level of trading activity in the secondary market for the Common Stock and limit or prevent investors from readily selling their shares of Common Stock.

THE SALE OF SUBSTANTIAL SHARES OF OUR COMMON STOCK MAY DEPRESS OUR STOCK PRICE

As of April 23, 1999, we had approximately 73,352,000 shares of Common Stock outstanding. We are also obligated to issue up to an additional approximately 289,000 shares of Common Stock upon conversion of outstanding shares of our 5% Adjustable Convertible Class C Preferred Stock and exercise of related warrants, up to an additional approximately 23,000,000 shares of Common Stock pursuant to our Regulation D Common Stock Equity Line Subscription Agreement with two institutional investors and a related Placement Agent Agreement and upon exercise of related warrants related thereto and an additional approximately 12,780,000 shares of Common Stock pursuant to other outstanding options and other warrants. The conversion rate applicable to our Class C Preferred Stock and the purchase price for the shares of Common Stock to be issued pursuant to the Regulation D Common Stock Equity Line Subscription Agreement, and the exercise price of the warrants related thereto, are at a significant discount to the market price of the Common Stock. The sale and issuance of these shares of Common Stock, as well as subsequent sales of shares of Common Stock in the open market, may cause the market price of the Common Stock to fall and might impair our ability to raise additional capital through sales of equity or equity-related securities, whether pursuant to the Regulation D Common Stock Equity Line Subscription Agreement or otherwise. See "The Equity Line Agreement."

OUR HIGHLY VOLATILE STOCK PRICE AND TRADING VOLUME MAY ADVERSELY AFFECT THE LIQUIDITY OF THE COMMON STOCK

The market price of the Common Stock, and the market prices of securities of companies in the biotechnology industry generally, have been highly volatile and is likely to continue to be highly volatile. Also, the trading volume in the Common Stock has been highly volatile, ranging from as few as 89,000 shares per day to as many as 19 million shares per day over the past year, and is likely to continue to be highly volatile. The market price of the Common Stock may be significantly impacted by many factors, including announcements of technological innovations or new commercial products by us or our competitors, disputes concerning patent or proprietary rights, publicity regarding actual or potential medical results relating to products under development by us or our competitors and regulatory developments and product safety concerns in both the United States and foreign countries. These and other external factors have caused and may continue to cause the market price and demand for the Common Stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of Common Stock and may otherwise negatively affect the liquidity of the Common Stock.

WE MAY NOT BE ABLE TO COMPETE WITH OUR COMPETITORS IN THE BIOTECHNOLOGY INDUSTRY

The biotechnology industry is intensely competitive. It is also subject to rapid change and sensitive to new product introductions or enhancements. We expect to continue to experience significant and increasing levels of competition in the future. Virtually all of our existing competitors have greater financial resources, larger technical staffs, and larger research budgets than we have, as well as greater experience in developing products and running clinical trials. Two of our competitors, Idec Pharmaceuticals Corporation and Coulter Pharmaceuticals, Inc., each has a lymphoma antibody that may compete with our direct tumor targeting agent product, Oncolym(R). Idec

Pharmaceuticals Corporation is currently marketing its lymphoma product for low grade non-Hodgkins lymphoma and we believe that Coulter Pharmaceuticals, Inc. will be marketing its respective lymphoma product prior to the time our Oncolym(R) product will be submitted to the United States Food & Drug Administration for marketing approval. Coulter Pharmaceuticals, Inc. has also announced that it intends to seek to conduct clinical trials of its antibody treatment for intermediate and/or high grade non-Hodgkins lymphomas. In addition, there may be other companies which are currently developing competitive technologies and products or which may in the future develop technologies and products which are comparable or superior to our technologies and products. Some or all of these companies may also have greater financial and technical resources than we have. Accordingly, we cannot assure you that we will be able to compete successfully with our existing and future competitors or that competition will not negatively affect our financial position or results of operations in the future.

WE MAY NOT BE SUCCESSFUL IF WE ARE UNABLE TO OBTAIN AND MAINTAIN PATENTS AND LICENSES TO PATENTS

Our success depends, in large part, on our ability to obtain or maintain a proprietary position in our products through patents, trade secrets and orphan drug designations. We have been granted several United States patents and have submitted several United States patent applications and numerous corresponding foreign patent applications, and have also obtained licenses to patents or patent applications owned by other entities. However, we cannot assure you that any of these patent applications will be granted or that our patent licensors will not terminate any of our patent licenses. We also cannot guarantee that any issued patents will provide competitive advantages for our products or that any issued patents will not be successfully challenged or circumvented by our competitors. Although we believe that our patents and our licensors' patents do not infringe on any third party's patents, we cannot be certain that we can avoid litigation involving such patents or other proprietary rights. Patent and proprietary rights litigation entails substantial legal and other costs, and we may not have the necessary financial resources to defend or prosecute our rights in connection with any litigation. Responding to, defending or bringing claims related to patents and other intellectual property rights may require our management to redirect our human and monetary resources to address these claims and may take years to resolve.

OUR PRODUCT DEVELOPMENT AND COMMERCIALIZATION EFFORTS MAY BE REDUCED OR DISCONTINUED DUE TO DIFFICULTIES OR DELAYS IN CLINICAL TRIALS

We may encounter unanticipated problems, including development, manufacturing, distribution, financing and marketing difficulties, during the product development, approval and commercialization process. Our product candidates may take longer than anticipated to progress through clinical trials or patient enrollment in the clinical trials may be delayed or prolonged significantly, thus delaying the clinical trials. Delays in patient enrollment will result in increased costs and further delays. If we experience any such difficulties or delays, we may have to reduce or discontinue development, commercialization or clinical testing of some or all of our product candidates.

OUR PRODUCT DEVELOPMENT AND COMMERCIALIZATION EFFORTS MAY BE REDUCED OR DISCONTINUED DUE TO DELAYS OR FAILURE IN OBTAINING REGULATORY APPROVALS

We will need to do substantial additional development and clinical testing prior to seeking any regulatory approval for commercialization of our product candidates. Testing, manufacturing, commercialization, advertising, promotion, export and marketing, among other things, of our proposed products are subject to extensive regulation by governmental authorities in the United States and other countries. The testing and approval process requires substantial time, effort and financial resources and we cannot guarantee that any approval will be granted on a timely basis, if at all. Companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in conducting advanced human clinical trials, even after obtaining promising results in

earlier trials. Furthermore, the United States Food & Drug Administration may suspend clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Also, even if regulatory approval of a product is granted, such approval may entail limitations on the indicated uses for which it may be marketed. Accordingly, we may experience difficulties and delays in obtaining necessary governmental clearances and approvals to market our products, and we may not be able to obtain all necessary governmental clearances and approvals to market our products. At least initially, we intend, to the extent possible, to rely on licensees to obtain regulatory approval for marketing our products. The failure by us or our licensees to adequately demonstrate the safety and efficacy of any of our product candidates under development could delay, limit or prevent regulatory approval of the product, which may require us to reduce or discontinue development, commercialization or clinical testing of some or all of our product candidates.

OUR PRODUCTS, IF APPROVED, MAY NOT BE COMMERCIALLY VIABLE DUE TO HEALTH CARE REFORM AND THIRD-PARTY REIMBURSEMENT LIMITATIONS

Recent initiatives to reduce the federal deficit and to reform health care delivery are increasing cost-containment efforts. We anticipate that Congress, state legislatures and the private sector will continue to review and assess alternative benefits, controls on health care spending through limitations on the growth of private health insurance premiums and Medicare and Medicaid spending, price controls on pharmaceuticals and other fundamental changes to the health care delivery system. Legislative debate is expected to continue in the future, and market forces are expected to drive reductions of health care costs. Any such changes could negatively impact the commercial viability of our products, if approved. Our ability to successfully commercialize our product candidates, if and when they are approved, will depend in part on the extent to which appropriate reimbursement codes and authorized cost reimbursement levels of such products and related treatment are obtained from governmental authorities, private health insurers and other organizations, such as health maintenance organizations. In the absence of national Medicare coverage determination, local contractors that administer the Medicare program, within certain guidelines, can make their own coverage decisions. Accordingly, there can be no assurance that any of our product candidates, if approved and when commercially available, will be included within the then current Medicare coverage determination or the coverage determination of state Medicaid programs, private insurance companies and other health care providers. In addition, third-party payers are increasingly challenging the prices charged for medical products and services. Also, the trend toward managed health care and the growth of health maintenance organizations in the United States may all result in lower prices for our products, if approved and when commercially available, than we currently expect. The cost containment measures that health care payers and providers are instituting and the effect of any health care reform could negatively affect our financial performance, if and when one or more of our products are approved and available for commercial use.

OUR MANUFACTURING AND USE OF HAZARDOUS AND RADIOACTIVE MATERIALS MAY RESULT IN OUR LIABILITY FOR DAMAGES, INCREASED COSTS AND INTERRUPTION OF ANTIBODY SUPPLIES

The manufacturing and use of our products require the handling and disposal of the radioactive isotope I131. We currently rely on, and intend in the future to rely on, our current contract manufacturers to combine antibodies with radioactive I131 isotope in our products and to comply with various local, state and or national and international regulations regarding the handling and use of radioactive materials. Violation of these local, state, national or international regulations by these companies or a clinical trial site could significantly delay completion of the trials. Violations of safety regulations could occur with these manufacturers, so there is also a risk of accidental contamination or injury. Accordingly, we could be held liable for any damages that result from an accident, contamination or injury caused by the handling and disposal of these materials, as well as for unexpected remedial costs and

penalties that may result from any violation of applicable regulations. In addition, we may incur substantial costs to comply with environmental regulations. In the event of any noncompliance or accident, the supply of antibodies for use in clinical trials or commercial products could also be interrupted.

OUR OPERATIONS AND FINANCIAL PERFORMANCE COULD BE NEGATIVELY AFFECTED IF WE CANNOT ATTRACT AND RETAIN KEY PERSONNEL

Our success is dependent, in part, upon a limited number of key executive officers and technical personnel remaining employed with us, including Larry O. Bymaster, our President and Chief Executive Officer, Steven C. Burke, our Chief Financial Officer, and Dr. John Bonfiglio, our Vice President of Business Development and interim Vice President of Clinical and Regulatory Affairs. We also believe that our future success will depend largely upon our ability to attract and retain highly-skilled research and development and technical personnel. We face intense competition in our recruiting activities, including larger companies with greater resources. We do not know if we will be successful in attracting or retaining skilled personnel. The loss of certain key employees or our inability to attract and retain other qualified employees could negatively affect our operations and financial performance.

OUR BUSINESS MAY BE ADVERSELY EFFECTED IF OUR COMPUTER SYSTEMS AND THE COMPUTER SYSTEMS OF OUR SUPPLIERS ARE NOT YEAR 2000 COMPLIANT

We are aware of the issues associated with the programming code in existing computer systems as the year 2000 approaches. The year 2000 problem is pervasive and complex. The issue is whether computer systems will properly recognize date-sensitive information in the year 2000 due to the fact that the programming in most computer systems use a two digit year value, which value will rollover to "00" as of January 1, 2000. Systems that do not properly recognize such information could generate erroneous data or cause a system to fail. We have identified substantially all of our major hardware and software platforms in use and have modified and upgraded our hardware, software and information technology and other systems to be year 2000 compliant. We do not presently believe that the year 2000 problem will pose significant operational problems for our internal computer systems or have a negative affect on our operations. However, we cannot assure you that any year 2000 compliance problems of our suppliers will not negatively affect our operations. Because uncertainty exists concerning the potential costs and effects associated with any year 2000 compliance, we intend to continue to make efforts to ensure that third parties with whom we have relationships are year 2000 compliant. We have not incurred significant costs to date associated with year 2000 compliance and presently believe estimated future costs will not be material. However, actual results could differ materially from our expectations due to unanticipated technological difficulties or project delays. If we or any third parties upon which we rely are unable to address the year 2000 issue in a timely manner, it could have an adverse impact on our operations. In order to assure that this does not occur, we have developed a contingency plan and intend to devote all resources required to attempt to resolve any significant year 2000 problems in a timely manner.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" into this Prospectus the documents we file with them, which means that we can disclose important information to you by referring you to these documents. The information that we incorporate by reference into this Prospectus is considered to be part of this Prospectus, and information that we file later with the SEC automatically updates and supersedes any information in this Prospectus. We incorporate by reference into this Prospectus the documents listed below:

- Annual Report on Form 10-K for the fiscal year ended April 30, 1998, as filed with the SEC on July 29, 1998 pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act");
- Definitive Proxy Statement with respect to the Annual Meeting of Stockholders held on October 13, 1998, as filed with the SEC on August 27, 1998;
- Quarterly Report on Form 10-Q for the quarter ended July 31, 1998, as filed with the SEC on September 14, 1998;
- Quarterly Report on Form 10-Q for the quarter ended October 31, 1998, as filed with the SEC on December 15, 1998;
- Quarterly Report on Form 10-Q for the quarter ended January 31, 1999, as filed with the SEC on March 12, 1999;
- Current Report on Form 8-K, as filed with the SEC on April 16, 1999;
- Current Report on Form 8-K, as filed with the SEC on March 18, 1999;
- Current Report on Form 8-K, as filed with the SEC on January 7, 1999;
- Current Report on Form 8-K, as filed with the SEC on June 29, 1998;
- Current Report on Form 8-K, as filed with the SEC on March 9, 1998;
- Current Report on Form 8-K, as filed with the SEC on November 24, 1997;
- Current Report on Form 8-K, as filed with the SEC on May 12, 1997, as amended by Form 8-K/A Amendment No. 1 to such Form 8-K as filed with the SEC on October 2, 1997, and as further amended by Form 8-K/A Amendment No. 2 to such Form 8-K as filed with the SEC on October 14, 1997;
- Definitive Proxy Statement with respect to a Special Meeting of Stockholders held on April 23, 1998, as filed with the SEC on March 17, 1998;
- The description of the Company's Common Stock contained in the Company's Registration Statement on Form 8-A and Form 8-B (Registration of Successor Issuers) filed under the Exchange Act, including any amendment or report filed for the purpose of updating such description; and
- All other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the Company's fiscal year ended April 30, 1998.

All documents we have filed with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the filing of a post-effective amendment indicating that all securities offered have been sold (or which re-registers all securities then remaining unsold), are deemed to be incorporated herein by this reference and to be made a part hereof from the date of filing of such documents.

We will provide, without charge, upon written or oral request of any person to whom a copy of this Prospectus is delivered, a copy of any or all of the foregoing documents and information that has been or may be incorporated by reference herein (other than exhibits to such documents). Requests for such documents and information should be directed to Techniclone Corporation, Attention: Steven C. Burke, Chief Financial Officer, 14282 Franklin Avenue, Tustin, California 92780-7017, telephone number (714) 508-6000.

THE EQUITY LINE AGREEMENT

On June 16, 1998, Techniclone entered into a Regulation D Common Stock Equity Line Subscription Agreement with two institutional investors, pursuant to which Techniclone may issue and sell, from time to time, shares of its Common Stock for cash consideration up to an aggregate of $20 million. Techniclone also entered into a Placement Agent Agreement with Swartz Investments, LLC, a Georgia limited liability company doing business as Swartz Institutional Finance, whereby Techniclone engaged the services of Swartz Investments, LLC as placement agent in connection with the placement of securities of Techniclone with the two institutional investors pursuant to the Regulation D Common Stock Equity Line Subscription Agreement. Swartz Investments, LLC subsequently assigned and conveyed all of its rights under the Placement Agent Agreement and a related Registration Rights Agreement to Dunwoody Brokerage Services, Inc. and also transferred to Dunwoody Brokerage Services, Inc. all of the shares of Common Stock and warrants to purchase shares of Common Stock previously issued to Swartz Investments, LLC. Dunwoody Brokerage Services, Inc. is a broker-dealer registered with the SEC and the National Association of Securities Dealers, Inc. with respect to which Swartz Investments, LLC is an Office of Supervisory Jurisdiction (OSJ).

The following table sets forth certain information as of April 23, 1999, with respect to securities of Techniclone issued to the two institutional investors and Dunwoody Brokerage Services, Inc. pursuant to the Regulation D Common Stock Equity Line Subscription Agreement and the Placement Agent Agreement:

Date	Amount Funded	Shares of Common Stock Issued to the Institutional Investors	Shares subject to Warrants Issued to the Institutional Investors(1)	Shares of Common Stock Issued to Dunwoody Brokerage Services, Inc.	Shares subject to Warrants Issued to Dunwoody Brokerage Services, Inc.(1)
June 16, 1998	$3,500,000	2,545,454(2)	254,454(3)	203,636	20,363(3)
Dec. 24, 1998		96,055(4)		60,515(4)	5,091(3)
Feb. 2, 1999	$2,250,000	2,608,695(5)	260,868(6)	260,869	26,086(6)
April 15, 1999		801,347(7)		80,134(7)	

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(1) Warrants are exercisable, on a cashless basis only, at any time through December 31, 2004.
(2) Purchase price of $1.375 per share. Subject to adjustment on or about July 15, 1999, if the 10-day low closing bid price immediately preceding such date is less than $1.375 per share, which will obligate Techniclone to issue a number of additional shares of Common Stock equal to the difference between the amount of shares which would have been issued for $1,750,000 (half of $3,500,000) if the purchase price had been the 10-day low closing bid price immediately preceding such date for $1,750,000 and one-half of the amount of shares actually issued (1,272,727 shares).
(3) Exercise price of $1.375 per share.
(4) Issued pursuant to a separate agreement between Techniclone and the two institutional investors.
(5) Purchase price of $0.8625 per share.
(6) Exercise price of $0.8625 per share.
(7) Issued in connection with an adjustment on or about April 15, 1999 to the purchase price for one-half of the initial shares sold to the two institutional investors on or about June 16, 1998, pursuant to the terms of the Regulation D Common Stock Equity Line Subscription Agreement.

Pursuant to the terms of the Regulation D Common Stock Equity Line Subscription Agreement, Techniclone may from time to time until June 16, 2001, in its sole discretion and subject to certain restrictions and limitations set forth in the Regulation D Common Stock Equity Line Subscription Agreement, sell to the two institutional investors, no more than one time during any monthly period upon written notice given by Techniclone to the two institutional investors, a number of shares of Common Stock equal to up to $2,250,000 (which amount may be increased up to $5,000,000 by mutual agreement of the parties) less the aggregate dollar amount of any shares sold to the two institutional investors during the three month period immediately preceding the date on which such notice is given. The purchase price for the shares to be sold to the institutional investors is equal to 82.5% of the 10-day low closing bid price immediately preceding such Notice Date, or, if 82.5% of such 10-day low closing bid price results in a discount of less than twenty cents ($0.20) per share from such 10-day low closing bid price, a purchase price per share equal to such 10-day low closing bid price minus twenty cents ($0.20). The number of such shares which may be sold to the two institutional investors at any one time is limited to the same number of shares of restricted securities that the institutional investors would otherwise be able to sell pursuant to Rule 144(e) promulgated under the Securities Act of 1933, and is also subject to a maximum dollar amount of $14,250,000 as of the date of this Prospectus. In addition, at the time of each sale of shares of Common Stock, the two institutional investors will be issued warrants, expiring on December 31, 2004, to purchase a number of shares of Common Stock equal to 10% of the number of shares of Common Stock sold in such sale at an exercise price equal to the price per share at which such shares were sold to the institutional investors. If Techniclone has not fully utilized the relevant commitment amount under the Regulation D Common Stock Equity Line Subscription Agreement, Techniclone may also be obligated to issue to the two institutional investors on June 23, 1999, June 23, 2000 and June 23, 2001, warrants to purchase a number of shares of Common Stock equal to 10% of an amount equal to the difference of the relevant minimum commitment amount ($6,666,667 for 1999, $13,333,333 for 2000 and $20,000,000 for 2001) minus the aggregate amount of Common Stock sold to the institutional investors during all years preceding such date, divided by the 10-day low closing bid price of the Common Stock immediately preceding such date, at an exercise price equal to the 10-day low closing bid price of the Common Stock immediately preceding such date.

Pursuant to the terms of the Placement Agent Agreement, Dunwoody Brokerage Services, Inc. is entitled to receive the following compensation as a placement agent fee in connection with the placement and sale of securities of Techniclone to the two institutional investors:

- a cash placement fee equal to seven percent (7%) of the purchase price of any and all securities placed pursuant to the Regulation D Common Stock Equity Line Subscription Agreement;
- a non-accountable expense allowance equal to one percent (1%) of the purchase price of any and all securities placed up to the aggregate purchase price of the first $10 million of securities placed pursuant to the Regulation D Common Stock Equity Line Subscription Agreement;
- a one time non-accountable expenses allowance equal to one hundred thousand dollars for any and all securities placed in excess of the aggregate purchase price of the first $10 million of securities placed pursuant to the Regulation D Common Stock Equity Line Subscription Agreement (such non-accountable expenses allowance to be paid upon placement of any securities resulting in an aggregate purchase price in excess of $10,100,000 placed pursuant to the Regulation D Common Stock Equity Line Subscription Agreement); and
- an amount of securities equal to ten percent (10%) of all Common Stock issued pursuant to the Regulation D Common Stock Equity Line Subscription Agreement and an amount of securities equal to ten percent (10%) of all warrants issued pursuant to the Regulation D Common Stock Equity Line Subscription Agreement.

Techniclone's ability to require the two institutional investors to purchase shares of its Common Stock under the Regulation D Common Stock Equity Line Subscription Agreement is subject to certain conditions and limitations, including:

- the representations and warranties of Techniclone set forth in the Regulation D Common Stock Equity Line Subscription Agreement must be true and correct in all material respects as of the date of each sale;
- Techniclone shall have performed and complied with all obligations under the Regulation D Common Stock Equity Line Subscription Agreement, the Registration Rights Agreement and the warrants issued to the two institutional investors required to be performed as of the date of each sale;
- no statute, rule, regulation, executive order, decree, ruling or injunction shall be in effect which prohibits or directly and adversely affects any of the transactions contemplated by the Regulation D Common Stock Equity Line Subscription Agreement;
- at the time of a sale, there shall have been no material adverse change in Techniclone's business prospects or financial condition, except as disclosed in Techniclone's most recent periodic reports filed since June 16, 1998 with the SEC pursuant to the Exchange Act of 1934, as amended;
- Techniclone's Common Stock shall not have been delisted from The Nasdaq SmallCap Market nor suspended from trading;
- the closing bid price of the Common Stock on any trading during the ten days preceding the date of the sale cannot be less than or equal to $0.50; and
- if the closing bid price of the Common Stock on any trading day during the ten trading days preceding the date of the sale is less than $1.00 but greater than $0.50, Techniclone may only require the purchase by the two institutional investors of an amount of shares not greater than 15% of the amount that would otherwise be available to Techniclone pursuant to the terms of the Regulation D Common Stock Equity Line Subscription Agreement.

Pursuant to the requirements of the Placement Agent Agreement and a related Registration Rights Agreement dated as of June 16, 1998, between Techniclone, the two institutional investors and Dunwoody Brokerage Services, Inc., as successor in interest to Swartz Investments, LLC, Techniclone has filed a registration statement, of which this Prospectus forms a part, in order to permit Dunwoody Brokerage Services, Inc. to resell to the public the shares of Common Stock issued and issuable to Dunwoody Brokerage Services, Inc. pursuant to the Placement Agent Agreement and any shares of Common Stock that Dunwoody Brokerage Services, Inc. may acquire upon exercise of warrants issued and issuable to Dunwoody Brokerage Services, Inc. pursuant to the Placement Agent Agreement.

The two institutional investors and Dunwoody Brokerage Services, Inc. have agreed that they will not create or increase a net short position with respect to the Common Stock during the ten trading days prior to any sale of shares of Common Stock to the institutional investors or during the thirty calendar days prior to July 15, 1999. The two institutional investors and Dunwoody Brokerage Services, Inc. have further agreed that they will not engage in any trading practice or activity for the purpose of manipulating the price of the Common Stock or otherwise engage in any trading practice or activity that violates the rules and regulations of the SEC.

USE OF PROCEEDS

The proceeds from the sale of the shares of Common Stock offered hereby will be received directly by Dunwoody Brokerage Services, Inc. Techniclone will not receive any proceeds from the sale of the shares of Common Stock offered hereby. Techniclone will not receive any proceeds from the exercise of any warrants by Dunwoody Brokerage Services, Inc., which may only be exercised pursuant to a cashless exercise by Dunwoody Brokerage Services, Inc.

DUNWOODY BROKERAGE SERVICES, INC. - THE SELLING STOCKHOLDER

Dunwoody Brokerage Services, Inc. may, from time to time, offer and sell any or all of the shares of Common Stock offered by this Prospectus. All of the shares of Common Stock offered pursuant to this Prospectus are offered by Dunwoody Brokerage Services, Inc. Any sales will be for the account of Dunwoody Brokerage Services, Inc. and Techniclone will not receive any of the proceeds from the sale of the Shares by Dunwoody Brokerage Services, Inc. The following table sets forth certain information as of April 23, 1999, with respect to Dunwoody Brokerage Services, Inc.

NAME OF REGISTERED STOCKHOLDER	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING(1)		MAXIMUM NUMBER OF SHARES TO BE SOLD PURSUANT TO THIS PROSPECTUS	SHARES BENEFICIALLY OWNED AFTER OFFERING(2)	
	NUMBER	PERCENT		NUMBER	PERCENT
Dunwoody Brokerage Services, Inc.(3). 8309 Dunwoody Place Atlanta, GA 30350	2,663,796	3.6%	2,663,796	0	0.0%

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(1) Includes (solely for purposes of this Prospectus, and assuming a 10-day low closing bid price of not less than $1.00 per share, which allows Techniclone to sell the maximum number of shares of Common Stock to the two institutional investors under the terms of the Regulation D Common Stock Equity Line Subscription Agreement) up to an aggregate of 2,007,102 shares of Common Stock that may be acquired by Dunwoody Brokerage Services, Inc. pursuant to the Placement Agent Agreement in connection with the issuance and sale of shares of Common Stock to the two institutional investors pursuant to the Regulation D Common Stock Equity Line Subscription Agreement (including up to 178,125 shares of Common Stock issuable upon the exercise of warrants that may be issued to Dunwoody Brokerage Services, Inc.). See "The Equity Line Agreement." Based on an aggregate of 73,352,205 shares of Common Stock issued and outstanding as of April 23, 1999.

(2) Assumes that all of the Shares are sold pursuant to this Prospectus.

(3) As of the date of this Prospectus, Dunwoody Brokerage Services, Inc. owns 656,694 shares of Common Stock, including 51,540 shares of Common Stock issuable upon exercise of outstanding warrants which are currently exercisable, which represents less than 1% of the issued outstanding Common Stock as of April 23, 1999. Also includes (solely for purposes of this Prospectus, and assuming a 10-day low closing bid price of not less than $1.00 per share, which allows Techniclone to sell the maximum number of shares of Common Stock to the two institutional investors under the terms of the Regulation D Common Stock Equity Line Subscription Agreement) up to an aggregate of 2,007,102 shares of Common Stock that may be acquired by Dunwoody Brokerage Services, Inc. pursuant to the Placement Agent Agreement in connection with the issuance and sale of shares of Common Stock to the two institutional investors pursuant to the Regulation D Common Stock Equity Line Subscription Agreement (including up to 178,125 shares of Common Stock issuable upon the exercise of warrants that may be issued to Dunwoody Brokerage Services, Inc.). See "The Equity Line Agreement."

Dunwoody Brokerage Services, Inc. has not had any material relationship with Techniclone or any of its affiliates within the past three years other than as a result of the ownership of securities of Techniclone, through the placement by Dunwoody Brokerage Services, Inc. or its affiliates of securities of Techniclone or as a result of the negotiation and the execution of the Placement Agent Agreement and the Regulation D Common Stock Equity Line Subscription Agreement. The natural persons controlling Dunwoody Brokerage Services, Inc. are Robert L. Hopkins and Dwight B. Bronnum.

The shares of Common Stock offered hereby by Dunwoody Brokerage Services, Inc. were or will be acquired pursuant to the Placement Agent Agreement or upon exercise of warrants issued to Dunwoody Brokerage Services, Inc. Of the 2,663,796 shares of Common Stock offered by Dunwoody Brokerage Services, Inc. pursuant to this Prospectus:

- 605,154 shares are currently issued and outstanding;
- up to 1,781,250 shares may be issued to Dunwoody Brokerage Services, Inc. pursuant to the terms of the Placement Agent Agreement dated as of June 16, 1998 between Techniclone and Dunwoody Brokerage Services, Inc., as successor in interest to Swartz Investments LLC, a Georgia limited liability company d/b/a Swartz Institutional Finance, in connection with the issuance of shares of Common Stock to two institutional investors pursuant to the terms of a Regulation D Common Stock Equity Line Subscription Agreement dated as of June 16, 1998;
- up to an aggregate of 47,727 shares may be issued to Dunwoody Brokerage Services, Inc. on or about July 15, 1999 upon adjustment of the purchase price for the initial shares of Common Stock purchased by the two institutional investors in June 1998, pursuant to the terms of the Regulation D Common Stock Equity Line Subscription Agreement; and
- up to 25,454 shares may be issued to Dunwoody Brokerage Services, Inc. upon exercise of outstanding warrants at an exercise price of $1.375 per share, up to 26,086 shares may be issued to Dunwoody Brokerage Services, Inc. upon exercise of outstanding warrants at an exercise price of $0.8625 per share, and up to an additional 178,125 shares may be issued to Dunwoody Brokerage Services, Inc. upon exercise of warrants issuable to Dunwoody Brokerage Services, Inc. pursuant to the Placement Agent Agreement. See "The Equity Line Agreement."

Pursuant to the Placement Agent Agreement and the Registration Rights Agreement, Techniclone agreed to register the shares of Common Stock offered hereby under the Securities Act of 1933 for resale by Dunwoody Brokerage Services, Inc. to permit their resale by Dunwoody Brokerage Services, Inc. from time to time to the public without restriction. Techniclone will prepare and file such amendments and supplements to the registration statement as may be necessary in accordance with the rules and regulations of the Securities Act of 1933 to keep it effective until the earlier to occur of (i) the date as of which all of the shares of Common Stock may be resold in a public transaction without volume limitations or other material restrictions without registration under the Securities Act of 1933, including without limitation, pursuant to Rule 144 under the Securities Act of 1933 or (ii) the date as of which all of the shares of Common Stock offered hereby have been resold.

Techniclone has agreed to pay the expenses (other than broker discounts and commissions, if any) in connection with this Prospectus.

PLAN OF DISTRIBUTION

Techniclone has been advised by Dunwoody Brokerage Services, Inc. that all or a portion of the shares of Common Stock offered by this Prospectus may be offered for sale, from time to time, by Dunwoody Brokerage Services, Inc. in one or more private or negotiated transactions, in open market transactions on the Nasdaq SmallCap Market, in settlement of short sale transactions, in settlement of option transactions, or otherwise, or a combination of these methods, at prices and terms then obtainable, at fixed prices, at prices then prevailing at the time of sale, at prices related to such prevailing prices, or at negotiated prices or otherwise. Dunwoody Brokerage Services, Inc. may effect these transactions by selling the shares of Common Stock offered hereby directly to one or more purchasers or to or through other broker-dealers or agents including: (a) in a block trade in which the broker or dealer so engaged will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction; (b) in purchases by another broker or dealer and resale by such broker or dealer as a principal for its account pursuant to this Prospectus; (c) in ordinary brokerage transactions and (d) in transactions in which the broker solicits purchasers. The compensation to a particular underwriter, broker-dealer or agent may be in excess of customary commissions.

To Techniclone's knowledge, Dunwoody Brokerage Services, Inc. has made no arrangement with any brokerage firm (other than itself) for the sale of the shares of Common Stock offered hereby. Techniclone has been advised by Dunwoody Brokerage Services, Inc. that it presently intends to dispose of the shares of Common Stock offered hereby through itself or through other broker-dealers in ordinary brokerage transactions at market prices prevailing at the time of the sale. However, depending on market conditions and other factors, Dunwoody Brokerage Services, Inc. may also dispose of the shares through one or more of the other methods described above. Concurrently with sales under this Prospectus, Dunwoody Brokerage Services, Inc. may effect other sales of the shares of Common Stock offered hereby under Rule 144 or other exempt resale transactions. There can be no assurance that Dunwoody Brokerage Services, Inc. will sell any or all of the shares of Common Stock offered hereby.

Dunwoody Brokerage Services, Inc. is an "underwriter" within the meaning of the Securities Act, in connection with the sale of the Shares offered hereby. Any other broker-dealers or agents who act in connection with the sale of the Shares may also be deemed to be underwriters. Profits on any resale of the shares of Common Stock offered hereby by Dunwoody Brokerage Services, Inc. and any discounts, commissions or concessions received by any such broker-dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act of 1933, as amended.

Any broker-dealer participating in such transactions as agent may receive commissions from Dunwoody Brokerage Services, Inc. (and, if they act as agent for the purchaser of such shares, from such purchaser). Broker-dealers may agree with Dunwoody Brokerage Services, Inc. to sell a specified number of shares of Common Stock offered hereby at a stipulated price per share and, to the extent such a broker-dealer is unable to do so acting as agent for Dunwoody Brokerage Services, Inc., to purchase as principal any unsold shares of Common Stock at the price required to fulfill the broker-dealer commitment to Dunwoody Brokerage Services, Inc. Broker-dealers who acquire shares of Common Stock offered hereby as principal may thereafter resell such shares from time to time in transactions (which may involve crosses and block transactions and which may involve sales to and through other broker-dealers, including transactions of the nature described above) in the over-the-counter market, in negotiated transactions or otherwise at market prices prevailing at the time of sale or at negotiated prices, and in connection with such resales may pay to or receive from the purchasers of such shares commissions computed as described above. To the extent required under the Securities Act of 1933, as amended, a supplemental prospectus will be filed, disclosing (a) the name of any such broker-dealers; (b) the number of shares of Common Stock involved; (c) the price at which such shares are to be sold; (d) the commissions paid or discounts or concessions allowed to such broker-dealers, where applicable; (e) that such broker-dealers did not conduct any investigation to verify the information set out or incorporated by reference in this Prospectus, as supplemented; and (f) other facts material to the transaction.

Under applicable rules and regulations under the Exchange Act of 1934, as amended, any person engaged in a distribution of the shares of Common Stock offered hereby may not simultaneously engage in market making activities with respect to the shares for a period beginning when such person becomes a distribution participant and ending upon such person's completion of participation in the distribution, including stabilization activities in the Common Stock to effect covering transactions, to impose penalty bids or to effect passive marketing making bids. In addition to and without limiting the foregoing, in connection with transactions in the shares of Common Stock offered hereby, Techniclone and Dunwoody Brokerage Services, Inc. may be subject to applicable provisions of the Exchange Act of 1934, as amended, and the rules and regulations thereunder, including, without limitation, Rule 10b-5 thereof and, insofar as Techniclone and Dunwoody Brokerage Services, Inc. are distribution participants, Regulation M and Rules 100, 101, 102, 103, 104 and 105 thereof. All of the foregoing may affect the marketability of the shares of Common Stock offered hereby.

Dunwoody Brokerage Services, Inc. has agreed that it will not create or increase a net short position with respect to the Common Stock during the ten trading days prior to any date on which shares are to be sold to the two institutional investors pursuant to the Regulation D Common Stock Equity Line Subscription Agreement or during the thirty calendar days prior to July 15, 1999. Dunwoody Brokerage Services, Inc. has further agreed that it will not engage in any trading practice or activity for the purpose of manipulating the price of the Common Stock or otherwise engage in any trading practice or activity that violates the rules and regulations of the SEC.

Dunwoody Brokerage Services, Inc. will pay all commissions, transfer taxes and other expenses associated with the sales of shares of Common Stock by it. The shares of Common Stock offered hereby are being registered pursuant to contractual obligations of Techniclone, and Techniclone has agreed to pay the expenses of the preparation of this Prospectus. Techniclone has also agreed to indemnify Dunwoody Brokerage Services, Inc. against certain liabilities, including, without limitation, liabilities arising under the Securities Act of 1933, as amended.

Techniclone will not receive any proceeds from the exercise by Dunwoody Brokerage Services, Inc. of any warrants which it now holds or may in the future receive pursuant to the Placement Agent Agreement , which may only be exercised pursuant to a cashless exercise by Dunwoody Brokerage Services, Inc. Techniclone will not receive any of the proceeds from the sale of the shares of Common Stock offered hereby by Dunwoody Brokerage Services, Inc.

In order to comply with the securities laws of certain states, if applicable, the shares of Common Stock offered hereby may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the shares of Common Stock offered hereby may not be sold unless such shares have been registered or qualified for sale in these states or an exemption from registration or qualification is available and complied with.

The Common Stock is currently traded on The Nasdaq SmallCap Market under the symbol "TCLN".

DESCRIPTION OF SECURITIES

As of the date of this Prospectus, the authorized capital stock of Techniclone consists of 120,000,000 shares of Common Stock, par value $.001 per share, and 5,000,000 shares of Preferred Stock, par value $.001 per share, of which 10,000 shares are designated as Series B Convertible Preferred Stock ("Class B Stock") and 17,200 shares are designated as 5% Adjustable Convertible Class C Preferred Stock ("Class C Stock"). As of April 23, 1999, there were 73,352,205 shares of Common Stock outstanding held by 5,863 stockholders of record, 121 shares of Class C Stock outstanding held by 3 holders of record and no shares of Class B Stock outstanding.

Holders of Common Stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Subject to preferences that may be applicable to the holders of outstanding shares of Preferred Stock, if any, the holders of Common Stock are entitled to receive such lawful dividends as may be declared by the Board of Directors. In the event of liquidation, dissolution or winding up of Techniclone, and subject to the rights of the holders of outstanding shares of Preferred Stock, if any, the holders of shares of Common Stock shall be entitled to receive pro rata all of the remaining assets of Techniclone available for distribution to its stockholders. There are no redemption or sinking fund provisions applicable to the Common Stock. All outstanding shares of Common Stock are fully paid and nonassessable, and shares of Common Stock to be issued pursuant to this offering shall be fully paid and nonassessable.

Warrants which are currently held by Dunwoody Brokerage Services, Inc. or which may be issued in the future to Dunwoody Brokerage Services, Inc. pursuant to the Placement Agent Agreement are exercisable at any time beginning on the date of issuance thereof and ending on December 31, 2004. The shares of Common Stock underlying the warrants, when issued upon exercise in whole or in part, will be fully paid and nonassessable, and Techniclone will pay any transfer tax incurred as a result of the issuance of the Common Stock to the holder upon its exercise.

Each of the warrants contain provisions that protect the holder against dilution by adjustment of the exercise price. Such adjustments will occur in the event, among others, of a merger, stock split or reverse stock split, stock dividend or recapitalization. Techniclone is not required to issue fractional shares upon the exercise of any of the warrants. The holder of the warrants will not possess any rights as a stockholder of the Company until such holder exercises the warrants. The warrants may be exercised upon surrender on or before the expiration date of the relevant warrant at the offices of Techniclone, with an exercise form completed and executed as indicated, accompanied by payment of the exercise price for the number of shares with respect to which the warrant is being exercised. The exercise price is payable only pursuant to a "cashless exercise," in which that number of shares of Common Stock underlying the warrant having a fair market value equal to the aggregate exercise price are canceled as payment of the exercise price.

For the life of each of the warrants, the holder thereof has the opportunity to profit from a rise in the market price of the Common Stock without assuming the risk of ownership of the shares of Common Stock issuable upon the exercise of the warrant. The holder of the warrant may be expected to exercise the warrant at a time when Techniclone would, in all likelihood, be able to obtain any needed capital by an offering of Common Stock on terms more favorable than those provided for by the warrants. Furthermore, the terms on which Techniclone could obtain additional capital during the life of the warrants may be adversely affected.

This Prospectus does not cover any shares of Common Stock issued or issuable to the two institutional investors pursuant to the Regulation D Common Stock Equity Line Subscription Agreement or shares of Common Stock issuable upon exercise of warrants issued or issuable to the two institutional investors pursuant to the Regulation D Common Stock Equity Line Subscription Agreement, which shares have been separately registered for resale under the Securities Act of 1933, as amended, and are the subject of a separate Prospectus.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for Techniclone by Rutan & Tucker, LLP, Costa Mesa, California.

EXPERTS

The consolidated financial statements and related consolidated financial statement schedule, incorporated in this Prospectus by reference from Techniclone Corporation's Annual Report on Form 10-K for the year ended April 30, 1998, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report (which expresses an unqualified opinion and includes an explanatory paragraph regarding substantial doubt about Techniclone's ability to continue as a going concern), which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Techniclone's Bylaws provide that Techniclone will indemnify its directors and officers and may indemnify its employees and other agents to the fullest extent permitted by law. Techniclone believes that indemnification under its Bylaws covers at least negligence and gross negligence by indemnified parties, and permits Techniclone to advance litigation expenses in the case of stockholder derivative actions or other actions, against an undertaking by the indemnified party to repay such advances if it is ultimately determined that the indemnified party is not entitled to indemnification. Techniclone has liability insurance for its officers and directors.

In addition, Techniclone's Certificate of Incorporation provides that, pursuant to Delaware law, its directors shall not be liable for monetary damages for breach of the directors' fiduciary duty as a director to Techniclone and its stockholders. This provision in the Certificate of Incorporation does not eliminate the directors' fiduciary duty, and in appropriate circumstances equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to Techniclone for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

Provisions of Techniclone's Bylaws require Techniclone, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers (other than liabilities arising from actions not taken in good faith or in a manner the indemnitee believed to be opposed to the best interests of Techniclone) to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified and to obtain directors' insurance if available on reasonable terms. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or persons controlling Techniclone pursuant to the foregoing provisions, Techniclone has been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is therefore unenforceable. Techniclone believes that its Certificate of Incorporation and Bylaw provisions are necessary to attract and retain qualified persons as directors and officers.

Techniclone has in place a directors' and officers' liability insurance policy that, subject to the terms and conditions of the policy, insures the directors and officers of Techniclone against losses arising from any wrongful act (as defined by the policy) in his or her capacity as a director of officer. The policy reimburses Techniclone for amounts which Techniclone lawfully indemnifies or is required or permitted by law to indemnify its directors and officers.

WHERE TO LEARN MORE ABOUT TECHNICLONE

Techniclone has filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933, as amended, relating to the shares of Common Stock being offered pursuant to this Prospectus. For further information pertaining to the Common Stock and the shares of Common Stock to which this Prospectus relates, reference is made to such registration statement. This Prospectus constitutes the prospectus of Techniclone filed as a part of the registration statement and it does not contain all information set forth in the registration statement, certain portions of which have been omitted in accordance with the rules and regulations of the SEC. In addition, Techniclone is subject to the informational requirements of the Exchange Act of 1934, as amended, and, in accordance therewith, files reports, proxy statements and other information with the SEC relating to its business, financial statements and other matters. Reports and proxy and information statements filed pursuant to Section 14(a) and 14(c) of the Exchange Act and other information filed with the SEC as well as copies of the registration statement can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's Midwest Regional Offices at 500 West Madison Street, Chicago, Illinois 60606 and Northeast Regional Office at 7 World Trade Center, New York, New York 10048. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the SEC at its principal office at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Such material may also be obtained electronically by visiting the SEC's web site on the Internet at http://www.sec.gov. The Common Stock of Techniclone is traded on The Nasdaq SmallCap Market under the symbol "TCLN". Reports, proxy statements and other information concerning Techniclone may be inspected at the National Association of Securities Dealers, Inc., at 1735 K Street, N.W., Washington D.C. 20006.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. THIS DOCUMENT MAY ONLY BE USED WHERE IT IS LEGAL TO SELL THESE SECURITIES. THE INFORMATION IN THIS DOCUMENT MAY ONLY BE ACCURATE ON THE DATE OF THIS DOCUMENT.

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2,663,796 SHARES

[Techniclone Corporation Logo Here]

TECHNICLONE CORPORATION

COMMON STOCK

PROSPECTUS

April, 1999

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCES AND DISTRIBUTION

The following table sets forth the estimated expenses in connection with the offering described in this registration statement:

SEC registration fee	$ 912
Printing and engraving expenses	2,500
Legal fees and expenses	25,000
Blue Sky fees and expenses	2,500
Accounting fees and expenses	10,000
Miscellaneous	5,000
Total	$ 45,912

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Techniclone Corporation's Certificate of Incorporation (the "Certificate") and Bylaws include provisions that eliminate the directors' personal liability for monetary damages to the fullest extend possible under Delaware Law or other applicable law (the "Director Liability Provision"). The Director Liability Provision eliminates the liability of directors to Techniclone and its stockholders for monetary damages arising out of any violation by a director of his fiduciary duty of due care. However, the Director Liability Provision does not eliminate the personal liability of a director for (i) breach of the director's duty of loyalty, (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violation of law, (iii) payment of dividends or repurchases or redemption of stock other than from lawfully available funds, or (iv) any transactions from which the director derived an improper benefit. The Director Liability Provision also does not affect a director's liability under the federal securities laws or the recovery of damages by third parties. Furthermore, pursuant to Delaware Law, the limitation liability afforded by the Director Liability Provision does not eliminate a director's personal liability for breach of the director's duty of due care. Although the directors would not be liable for monetary damages to Techniclone or its stockholders for negligent acts or commissions in exercising their duty of due care, the directors remain subject to equitable remedies, such as actions for injunction or rescission, although these remedies, whether as a result of timeliness or otherwise, may not be effective in all situations. With regard to directors who also are officers of Techniclone, these persons would be insulated from liability only with respect to their conduct as directors and would not be insulated from liability for acts or omissions in their capacity as officers. These provisions may cover actions undertaken by the Board of Directors, which may serve as the basis for a claim against Techniclone under the federal and state securities laws. Techniclone has been advised that it is the position of the SEC that insofar as the foregoing provisions may be involved to disclaim liability for damages arising under the Securities Act of 1933, as amended (the "Securities Act"), such provisions are against public policy as expressed in the Securities Act and are therefore unenforceable.

Delaware law provides a detailed statutory framework covering indemnification of directors, officers, employees or agents of Techniclone against liabilities and expenses arising out of legal proceedings brought against them by reason of their status or service as directors, officers, employees or agents. Section 145 of the Delaware General Corporation Law ("Section 145") provides that a director, officer, employee or agent of a corporation (i) shall be indemnified by the corporation for expenses actually and reasonably incurred in defense of any action or proceeding if such person is sued by reason of his service to the corporation, to the extent that such person has been successful in defense of such action or proceeding, or in defense of any claim, issue or matter raised in such litigation, (ii) may, in actions other

than actions by or in the right of the corporation (such as derivative actions), be indemnified for expenses actually and reasonably incurred, judgments, fines and amounts paid in settlement of such litigation, even if he is not successful on the merits, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation (and in a criminal proceeding, if he did not have reasonable cause to believe his conduct was unlawful), and (iii) may be indemnified by the corporation for expenses actually and reasonably incurred (but not judgments or settlements) of any action by the corporation or of a derivative action (such as a suit by a stockholder alleging a breach by the director or officer of a duty owed to the corporation), even if he is not successful, provided that he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, provided that no indemnification is permitted without court approval if the director has been adjudged liable to the corporation.

Delaware Law also permits a corporation to elect to indemnify its officers, directors, employees and agents under a broader range of circumstances than that provided under Section 145. The Certificate contains a provision that takes full advantage of the permissive Delaware indemnification laws (the "Indemnification Provision") and provides that Techniclone is required to indemnify its officers, directors, employees and agents to the fullest extent permitted by law, including those circumstances in which indemnification would otherwise be discretionary, provided, however, that prior to making such discretionary indemnification, Techniclone must determine that the person acted in good faith and in a manner he or she believed to be in the best interests of the corporation and, in the case of any criminal action or proceeding, the person had no reason to believe his or her conduct was unlawful.

In furtherance of the objectives of the Indemnification Provision, Techniclone has also entered into agreements to indemnify its directors and executive officers, in addition to the indemnification provided for in Techniclone's Certificate and Bylaws (the "Indemnification Agreements"). Techniclone believes that the Indemnification Agreements are necessary to attract and retain qualified directors and executive officers. Pursuant to the Indemnification Agreements, an indemnitee will be entitled to indemnification to the extent permitted by Section 145 or other applicable law. In addition, to the maximum extent permitted by applicable law, an indemnitee will be entitled to indemnification for any amount or expense which the indemnitee actually and reasonably incurs as a result of or in connection with prosecuting, defending, preparing to prosecute or defend, investigating, preparing to be a witness, or otherwise participating in any threatened, pending or completed claim, suit, arbitration, inquiry or other proceeding (a "Proceeding") in which the indemnitee is threatened to be made or is made a party or participant as a result of his or her position with Techniclone, provided that the indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of Techniclone and had no reasonable cause to believe his or her conduct was unlawful. If the Proceeding is brought by or in the right of Techniclone and applicable law so provides, the Indemnification Agreement provides that no indemnification against expenses shall be made in respect of any claim, issue or matter in the Proceeding as to which the indemnitee shall have been adjudged liable to Techniclone.

Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to directors, officers or persons controlling Techniclone pursuant to the foregoing provisions, Techniclone has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

ITEM 16. EXHIBITS

EXHIBIT NO.	DESCRIPTION
3.1.....	Certificate of Incorporation of Techniclone Corporation, a Delaware corporation (Incorporated by reference to Exhibit B to the Company's 1996 Proxy Statement as filed with the SEC on or about August 20, 1996)
3.2.....	Bylaws of Techniclone Corporation, a Delaware corporation (Incorporated by reference to Exhibit C to the Company's 1996 Proxy Statement as filed with the SEC on or about August 20, 1996)
3.3.....	Certificate of Designation of 5% Adjustable Convertible Class C Preferred Stock as filed with the Delaware Secretary of State on April 23, 1997. (Incorporated by reference to Exhibit 3.1 contained in Registrant's Current Report on Form 8-K as filed with the SEC on or about May 12, 1997)
4.1.....	Form of Certificate for Common Stock (Incorporated by reference to the exhibit of the same number contained in the Registrants' Annual Report on Form 10-K for the fiscal year ended April 30, 1998)
4.4.....	Form of Subscription Agreement entered into with Series B Convertible Preferred Stock Subscribers (Incorporated by reference to Exhibit 4.1 contained in Registrant's Report on Form 8-K dated December 27, 1995, as filed with the SEC on or about January 24, 1996)
4.5.....	Registration Rights Agreement dated December 27, 1995, by and among Swartz Investments, Inc. and the holders of the Registrant's Series B Convertible Preferred Stock (incorporated by reference to Exhibit 4.2 contained in Registrant's Current Report on Form 8-K dated December 27, 1995 as filed with the SEC on or about January 24, 1996)
4.6.....	Warrant to Purchase Common Stock of Registrant issued to Swartz Investments, Inc. (Incorporated by reference to Exhibit 4.3 contained in Registrant's Current Report on Form 8-K dated December 27, 1995 as filed with the SEC on or about January 24, 1996)

4.7..... 5% Preferred Stock Investment Agreement between Registrant and the Investors named therein (Incorporated by reference to Exhibit 4.1 contained in Registrant's Current Report on Form 8-K as filed with the SEC on or about May 12, 1997)

4.8..... Registration Rights Agreement between the Registrant and the holders of the Class C Preferred Stock (Incorporated by reference to Exhibit 4.2 contained in Registrant's Current Report on Form 8-K as filed with the SEC on or about May 12, 1997)

4.9..... Form of Stock Purchase Warrant to be issued to the holders of the Class C Preferred Stock upon conversion of the Class C Preferred Stock (Incorporated by reference to Exhibit 4.3 contained in Registrant's Current Report on Form 8-K as filed with the SEC on or about May 12, 1997)

4.10.... Regulation D Common Equity Line Subscription Agreement dated as of June 16, 1998 between the Registrant and the Subscribers named therein (the "Equity Line Subscribers") (Incorporated by reference to Exhibit 4.4 contained in Registrant's Report on Form 8-K dated as filed with the SEC on or about June 29, 1998)

4.11.... Form of Amendment to Regulation D Common Stock Equity Line Subscription Agreement (incorporated by reference to Exhibit 4.5 contained in Registrant's Current Report on Form 8-K filed with the SEC on or about June 29, 1998)

4.12.... Registration Rights Agreement dated as of June 16, 1998 between the Registrant and the Equity Line Subscribers (Incorporated by reference to Exhibit 4.6 contained in Registrant's Current Report on Form 8-K as filed with the SEC on or about June 29, 1998)

4.13.... Form of Stock Purchase Warrant to be issued to the Equity Line Subscribers pursuant to the Regulation D Common Stock Equity Subscription Agreement (Incorporated by reference to Exhibit 4.7 contained in Registrant's Current Report on Form 8-K as filed with the SEC on or about June 29, 1998)

4.14.... Placement Agent Agreement dated as of June 16, 1998, by and between the Registrant and Swartz Investments LLC, a Georgia limited liability company d/b/a Swartz

Institutional Finance (Incorporated by reference to the exhibit contained in Registration's Registration Statement on Form S-3 (File No. 333-63773)

4.15.... Second Amendment to Regulation D Common Stock Equity Line Subscription Agreement dated as of September 16, 1998, by and among the Registrant, The Tail Wind Fund, Ltd. and Resonance Limited (Incorporated by reference to the exhibit contained in Registration's Registration Statement on Form S-3 (File No. 333-63773)

5..... Opinion of Rutan & Tucker, LLP*

10.22... 1982 Stock Option Plan (Incorporated by reference to the exhibit contained in Registrant's Registration Statement on Form S-8 (File No. 2-85628))

10.23... Incentive Stock Option, Nonqualified Stock Option and Restricted Stock Purchase Plan - 1986 (Incorporated by reference to the exhibit contained in Registrant's Registration Statement on Form S-8 (File No. 33-15102))

10.24... Cancer Biologics Incorporated Incentive Stock Option, Nonqualified Stock Option and Restricted Stock Purchase Plan - 1987 (Incorporated by reference to the exhibit contained in Registrant's Registration Statement on Form S-8 (File No. 33-8664))

10.25... Amendment to 1982 Stock Option Plan dated March 1, 1988 (Incorporated by reference to the exhibit of the same number contained in Registrants' Annual Report on Form 10-K for the year ended April 30, 1988)

10.26... Amendment to 1986 Stock Option Plan dated March 1, 1988 (Incorporated by reference to the exhibit of the same number contained in Registrant's Annual Report on Form 10-K for the year ended April 30, 1988)

10.31... Agreement dated February 5, 1996, between Cambridge Antibody Technology, Ltd. and Registrant (Incorporated by reference to Exhibit 10.1 contained in Registrant's Current Report on Form 8-K dated February 5, 1996, as filed with the SEC on or about February 8, 1996)

10.32... Distribution Agreement dated February 29, 1996, between Biotechnology Development, Ltd. and Registrant (Incorporated by reference to Exhibit 10.1 contained in

Registrant's Current Report on Form 8-K dated February 29, 1996, as filed with the SEC on or about March 7, 1996)

10.33... Option Agreement dated February 29, 1996, by and between Biotechnology Development, Ltd. And Registrant (Incorporated by reference to Exhibit 10.2 contained in Registrant's Current Report on Form 8-K dated February 29, 1996, as filed with the SEC on or about March 7, 1996)

10.35... Incentive Stock Option and Nonqualified Stock Option Plan-1993 (Incorporated by reference to the exhibit contained in Registrants' Registration Statement on Form S-8 (File No. 33-87662))

10.40... 1996 Stock Incentive Plan (Incorporated by reference to the exhibit contained in Registrants' Registration Statement on Form S-8 (File No. 333-17513))

10.41... Stock Exchange Agreement dated as of January 15, 1997 among the stockholders of Peregrine Pharmaceuticals, Inc. and Registrant (Incorporated by reference to Exhibit 2.1 to Registrants' Quarterly Report on Form 10-Q for the quarter ended January 31, 1997)

10.42... First Amendment to Stock Exchange Agreement among the Stockholders of Peregrine Pharmaceuticals, Inc. and Registrant (Incorporated by reference to Exhibit 2.1 contained in Registrant's Current Report on Form 8-K as filed with the SEC on or about May 12, 1997)

10.43... Termination and Transfer Agreement dated as of November 14, 1997 by and between Registrant and Alpha Therapeutic Corporation (Incorporated by reference to Exhibit 10.1 contained in Registrant's Current Report on Form 8-K as filed with the SEC on or about November 24, 1997)

10.44... Severance Agreement between Lon H. Stone and the Registrant dated July 28, 1998 (Incorporated by reference to the exhibit contained in Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1998, as filed with the SEC on or about December 15, 1998)

10.45... Severance Agreement between William (Bix) V. Moding and the Registrant dated September 25, 1998 (Incorporated by reference to the exhibit contained in Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1998, as filed with the SEC on or about December 15, 1998)

10.46... Option Agreement dated October 23, 1998 between Biotechnology Development Ltd. and the Registrant (Incorporated by reference to the exhibit contained in Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1998, as filed with the SEC on or about December 15, 1998)

10.47... Real Estate Purchase Agreement by and between Techniclone Corporation and 14282 Franklin Avenue Associates, LLC dated December 24, 1998 (Incorporated by reference to Exhibit 10.47 to Registrants' Quarterly Report on Form 10-Q for the quarter ended January 31, 1999)

10.48... Lease and Agreement of Lease between TNCA, LLC, as Landlord, and Techniclone Corporation, as Tenant, dated as of December 24, 1998 (Incorporated by reference to Exhibit 10.48 to Registrants' Quarterly Report on Form 10-Q for the quarter ended January 31, 1999)

10.49... Promissory Note dated as of December 24, 1998 between Techniclone Corporation (Payee) and TNCA Holding, LLC (Maker) for $1,925,000 (Incorporated by reference to Exhibit 10.49 to Registrants' Quarterly Report on Form 10-Q for the quarter ended January 31, 1999)

10.50... Pledge and Security Agreement dated as of December 24, 1998 for $1,925,000 Promissory Note between Grantors and Techniclone Corporation (Secured Party) (Incorporated by reference to Exhibit 10.50 to Registrants' Quarterly Report on Form 10-Q for the quarter ended January 31, 1999)

10.51... Final fully-executed copy of the Regulation D Common Stock Equity Line Subscription Agreement dated as of June 16, 1998 between the Registrant and the Subscribers named therein*

23.1.... Consent of Rutan & Tucker, LLP (contained in Exhibit 5)*

23.2.... Consent of Deloitte & Touche LLP*

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* Filed herewith.

ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price present no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

PROVIDED, HOWEVER, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial BONA FIDE offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Pre-Effective Amendment No. 1 to Registration Statement on Form S-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tustin, State of California, on April 29, 1999

TECHNICLONE CORPORATION

By: /S/ LARRY O. BYMASTER

Larry O. Bymaster, President

In accordance with the requirements of the Securities Act of 1933, this Pre-Effective Amendment No. 1 to Registration Statement on Form S-3 has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Larry O. Bymaster Larry O. Bymaster	President, Chief Executive Officer and Director (Principal Executive Officer)	April 29, 1999
/s/ Steven C. Burke Steven C. Burke	Chief Financial Officer (Principal Financial and Principal Accounting Officer)	April 29, 1999
/s/ Thomas R. Testman Thomas R. Testman	Chairman of the Board	April 26, 1999
/s/ Rock Hankin Rock Hankin	Director	April 26, 1999
/s/ William C. Shepherd William C. Shepherd	Director	April 29, 1999
Carmelo J. Santoro, Ph.D.	Director	April ___, 1999
/s/ Clive R. Taylor Clive R. Taylor, M.D., Ph.D.	Director	April 28, 1999

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
5	Opinion of Rutan & Tucker, LLP	_____
10.51	Final fully-executed copy of the Regulation D Common Stock Equity Line Subscription Agreement dated as of June 16, 1998 between the Registrant and the Subscribers named therein	_____
23.2	Consent of Deloitte & Touche LLP	_____

EXHIBIT 5

April 30, 1999

Techniclone Corporation
14282 Franklin Avenue
Tustin, California 92780-7017

Re: Registration Statement on Form S-3:
Techniclone Corporation Common Stock, par value $.001 per share

Ladies and Gentlemen:

We are rendering this opinion in connection with Pre-Effective Amendment No. 1 to Registration Statement on Form S-3 (the "Amended Registration Statement"), filed by Techniclone Corporation (the "Company") with the Securities and Exchange Commission under the Securities Act of 1933, as amended, on April 30, 1999. The Amended Registration Statement relates to the resale of up to 2,663,796 shares of common stock, $.001 par value, of the Company by Dunwoody Brokerage Services, Inc. (the "Shares").

In our capacity as your counsel in connection with this transaction, we have examined the proceedings taken and are familiar with the proceedings proposed to be taken by you in connection with the authorization and issuance of the securities in the manner set forth in the Amended Registration Statement. We have examined such documents as we consider necessary to render this opinion. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity with originals of all documents submitted to us as copies and the genuineness of all signatures. We have also assumed the legal capacity of all natural persons and that, with respect to all parties to agreements or instruments relevant hereto other than the Company, such parties had the requisite power and authority to execute, deliver and perform such agreements or instruments, that such agreements or instruments have been duly authorized by all requisite action and have been executed and delivered by such parties and that such agreements or instruments are valid, binding and enforceable obligations of such parties.

Based upon the foregoing and the compliance with applicable state securities laws by the Company and the additional proceedings to be taken by the Company as referred to above, we are of the opinion that the Shares have been duly authorized, and when issued by the Company upon receipt of payment therefor (to the extent required), the Shares will be validly issued, fully paid and nonassessable.

Our opinions herein are limited to the effect on the subject transaction of United States Federal law and the General Corporation Law of the State of Delaware. We assume no responsibility regarding the applicability thereto, or the effect thereon, of the laws of any other jurisdiction.

We hereby consent to the filing of this opinion as an exhibit to the Amended Registration Statement and to the reference to our firm contained under the caption "Legal Matters" in the prospectus which is a part of the Amended Registration Statement.

Respectfully submitted,

/s/ Rutan & Tucker, LLP

TECHNICLONE CORPORATION

REGULATION D
COMMON STOCK EQUITY LINE
SUBSCRIPTION AGREEMENT

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE OR OTHER SECURITIES AUTHORITIES. THEY MAY NOT BE SOLD OR TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE FEDERAL AND STATE SECURITIES LAWS.

THIS SUBSCRIPTION AGREEMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, ANY OF THE SECURITIES DESCRIBED HEREIN BY OR TO ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES AUTHORITIES, NOR HAVE SUCH AUTHORITIES CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AN INVESTMENT IN THESE SECURITIES INVOLVES A HIGH DEGREE OF RISK. SUBSCRIBERS MUST RELY ON THEIR OWN ANALYSIS OF THE INVESTMENT AND ASSESSMENT OF THE RISKS INVOLVED. SEE THE RISK FACTORS SET FORTH IN THE ATTACHED DISCLOSURE DOCUMENTS AS EXHIBIT J.

SEE ADDITIONAL LEGENDS AT SECTIONS 4.7 and 10.

THIS REGULATION D COMMON STOCK EQUITY LINE SUBSCRIPTION AGREEMENT (this "Agreement") is made as of the 16th day of June, 1998, by and between Techniclone Corporation, a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), and the undersigned subscriber executing this Agreement ("Subscriber").

RECITALS:

WHEREAS, the parties desire that, upon the terms and subject to the conditions contained herein, the Company shall issue to the Subscriber, and the Subscriber shall purchase from the Company, from time to time as provided herein, shares of the Company's Common Stock, par value $0.01 per share (the "Common Stock"), as part of an offering of Common Stock by the Company to Subscriber and Other Subscribers, as defined below, for a maximum aggregate offering amount of $20,000,000 (the "Maximum Offering Amount"); and

WHEREAS, the solicitation of this subscription and, if accepted by the Company, the offer and sale of the Common Stock are being made in reliance upon the provisions of Section 4(2) and upon the provisions of Regulation D ("Regulation D"), each promulgated under the Securities Act of 1933, as amended and the rules and regulations promulgated thereunder (the "Act"), and/or upon such other exemption from the registration requirements of the Securities Act as may be available with respect to any or all of the purchases of Common Stock to be made hereunder.

TERMS:

NOW, THEREFORE, the parties hereto agree as follows:

1. Certain Definitions. As used in this Agreement (including the recitals above), the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Act" shall mean the Securities Act of 1933, as amended.

"Accredited Investor" shall have the meaning set forth in Section 3.1.

"Advance Call Notice" shall have the meaning set forth in Section 2.3.1 (a), the form of which is attached hereto as Exhibit E.

"Advance Call Notice Confirmation" shall have the meaning set forth in Section 2.3.1 (a), the form of which is attached hereto as Exhibit F.

"Advance Call Notice Date" shall have the meaning set forth in Section 2.3.1(a).

"Aggregate Initial Tranche Dollar Amount" shall have the meaning set forth in Section 2.1.

"Aggregate Quarterly Dollar Maximum" shall equal Two Million Two Hundred Fifty Thousand Dollars ($2,250,000), which amount may be increased up to Five Million Dollars ($5,000,000) by mutual agreement between the parties.

"Agreement" shall mean this Regulation D Common Stock Equity Line Agreement.

"Blackout Period" shall have the meaning set forth in the Registration Rights Agreement.

"BTD Buyout" shall have the meaning set forth in Section 5.25.

"Business Day" shall mean a time period beginning at the time of day in question and ending at the same time of day on the next day normally considered a business day.

"Call Closing" shall have the meaning set forth in Section 2.3.3.

"Call Closing Date" shall have the meaning set forth in Section 2.3.3.

"Call Date" shall mean the date that is specified by the Company in any Call Notice for which the Company intends to exercise a Call for Proceeds under Section 2.3.1.

"Call Dollar Amount" shall have the meaning as set forth Section 2.3.1(b).

"Call for Proceeds" shall have the meaning set forth in Section 2.3.

"Call Notice" shall have the meaning set forth in Section 2.3.1(b), the form of which is attached hereto as Exhibit G.

"Call Notice Confirmation" shall have the meaning set forth in Section 2.3.1(b), the form of which is attached hereto as Exhibit H.

"Call Reset Price" shall have the meaning set forth in Section 2.3.5.

"Call Reset Shares" shall have the meaning set forth in Section 2.3.5.

"Call Shares" shall have the meaning set forth in Section 2.3.1(c).

"Call Share Price" shall have the meaning set forth in Section 2.3.1(d).

"Cap Amount" shall have the meaning set forth in Section 2.2.5.

"Cap Shortfall Dollar Amount" shall have the meaning set forth in Section 2.2.6.

"Cap Limit Shares" shall have the meaning set forth in Section 2.2.5.

"Capital Raising Limitations" shall have the meaning set forth in Section 6.6.1.

"Capitalization Schedule" shall have the meaning set forth in Section 3.2.4, attached hereto as Exhibit K.

"Commitment Anniversary Date" shall have the meaning set forth in Section 2.4.2.

"Closing" shall mean one of the closings of a purchase and sale of Common Stock pursuant to Section 2.

"Closing Bid Price" means, for any security as of any date, the last closing bid price for such security on The Nasdaq Small Cap Market as reported by Nasdaq, or, if the Nasdaq Small Cap Market is not the principal securities exchange or trading market for such security, the last closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by such principal securities exchange or trading market, or if the foregoing do not apply, the last closing bid price of such security in the over-the-counter market on the electronic bulletin board for such security, or, if no closing bid price is reported for such security, the average of the bid prices of any market makers for such security as reported in the "pink sheets" by the National Quotation Bureau, Inc. If the Closing Bid Price cannot be calculated for such security on such date on any of the foregoing bases, the Closing Bid Price of such security on such date shall be the fair market value as mutually determined by the Company and the Subscribers in this Offering. If the Company and the Subscribers in this Offering are unable to agree upon the fair market value of the Common Stock, then such dispute shall be resolved by an investment banking firm mutually acceptable to the Company and the Subscribers in this offering and any fees and costs associated therewith shall be paid by the Company.

"Common Stock" shall mean the common stock of the Company, par value $0.001 per share.

"Common Shares" shall mean the shares of Common Stock of the Company.

"Company" shall mean Techniclone Corporation."

"Delisting Event" shall have the meaning set forth in the Registration Rights Agreement.

"Disclosure Documents" shall have the meaning as set forth in Section 3.2.4.

"Effective Date" shall have the meaning set forth in Section 2.3.1.

"Escrow Account" shall have the meaning set forth in Section 2.2.3.

"Escrow Agent" shall have the meaning set forth in Section 2.2.3.

"Escrow Agreement" shall mean that certain Escrow Agreement and Instructions entered into by the Company, Subscriber and Escrow Agent on even date herewith, in the form attached hereto as Exhibit C or such other form as agreed upon by the parties.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Hard Floor Price" shall equal fifty cents ($0.50).

"Ineffective Period" shall have the meaning set forth in the Registration Rights Agreement.

"Initial Tranche" shall have the meaning set forth in Section 2.1.

"Initial Tranche Closing Date" shall have the meaning set forth in Section 2.1.

"Initial Tranche Purchase Amount" shall have the meaning set forth in Section 2.2.

"Initial Tranche Refund Amount" shall have the meaning set forth in Section 2.2.6.

"Initial Tranche Share Price" shall have the meaning set forth in Section 2.2.1.

"Initial Tranche Subscription Date" shall mean the date as agreed upon by the parties, which shall be June 16, 1998.

"Initial Tranche Shares" shall have the meaning set forth in Section 2.2.

"Intended Call Dollar Amount" shall have the meaning set forth in Section 2.3.1(a).

"Key Employee" shall have the meaning set forth in Section 5.18, as set forth in Exhibit N.

"Legend" shall have the meaning set forth in Section 4.7.

"Major Transaction" shall mean and shall be deemed to have occurred at such time upon any of the following events:

(i) a consolidation, merger or other business combination or event or transaction following which the holders of Common Stock of the Company immediately preceding such consolidation, merger, combination or event either (i) no longer hold a majority of the shares of Common Stock of the Company or (ii) no longer have the ability to elect the board of directors of the Company (a "Change of Control"); provided, however, that if the other entity involved in such consolidation, merger, combination or event is a publicly traded company with "Substantially Similar Trading Characteristics" (as defined below) as the Company and the holders of Common Stock are to receive solely Common Stock or no consideration (if the Company is the surviving entity) or solely common stock of such other entity (if such other entity is the surviving entity), such transaction shall not be deemed to be a Major Transaction (provided the surviving entity, if other than the Company, shall have agreed to assume all obligations of the Company under this Agreement and the Registration Rights Agreement). For purposes hereof, an entity shall have Substantially Similar Trading Characteristics as the Company if the average daily dollar trading volume of the common stock of such entity is equal to or in excess of $1,000,000 for the 90th through the 31st day prior to the public announcement of such transaction;

(ii) the sale or transfer of all or substantially all of the Company's assets; or

(iii) a purchase, tender or exchange offer made to the holders of outstanding shares of Common Stock, such that following such purchase, tender or exchange offer a Change of Control shall have occurred.

Notwithstanding the above, a Major Transaction shall not include the "Swiss Transaction." The Swiss Transaction shall mean any investment managed by Swiss Annuity of up to Twenty Million Dollars ($20,000,000) at a fixed price at the lower of the bid price on the date of the transaction or Two Dollars ($2.00) per share and/or an investment by the same group of up to Sixty Million Dollars ($60,000,000) in a European subsidiary of the Company; provided, however, that under no circumstances shall the Swiss Transaction constitute a Variable Deal as specified in Section 6.6.1 herein.

"Market Price" shall equal the lowest Closing Bid Price during the ten (10) Trading Days immediately preceding the date in question.

"Maximum Call Dollar Amount" shall have the meaning set forth in Section 2.3.2 (b).

"Maximum Call Shares" shall have the meaning set forth in Section 2.3.2 (a).

"Maximum Offering Amount" shall have the meaning as set forth in the Recitals hereto; provided, however, that if the Company enters into a licensing/strategic-partnership transaction that results in the receipt by the Company of gross proceeds equal to or greater than Fifteen Million Dollars ($15,000,000) within the time period that begins on the Initial Tranche Closing Date and ends twelve (12) months thereafter, then the Maximum Offering Amount shall be reduced to Eighteen Million Dollars ($18,000,000).

"Minimum Commitment Amount" shall have the meaning set forth in Section 2.4.2.

"Monthly Period" shall mean the period of time beginning on the numeric day in question in a calendar month (the "Numeric Day") and for Monthly Periods thereafter, beginning on the earlier of (i) the same Numeric Day of the next calendar month or (ii) the last day of the next calendar month. The Monthly Period shall end on the day immediately preceding the beginning of the next succeeding Monthly Period.

"Nasdaq 20% Rule" shall have the meaning set forth in Section 2.2.5.

"Offering" shall have the meaning set forth in Section 2.1.

"Opinion of Counsel" shall mean an opinion from Company's independent counsel, in the form attached as Exhibit B, or such other form as agreed upon by the parties, as to the Initial Tranche Closing and in the form attached as Exhibit I, or such other form as agreed upon by the parties, as to any Call Closing.

"Other Subscribers" shall have the meaning set forth in Section 2.1.

"Other Subscription Agreements" shall have the meaning set forth in Section 2.1.

"Placement Agent" shall mean Swartz Investments LLC, d/b/a Swartz Institutional Finance.

"Principal Market" shall mean the Nasdaq National Market, the Nasdaq Small Cap Market, the American Stock Exchange or the New York Stock Exchange, whichever is at the time the principal trading exchange or market for the Common Stock.

"Quarterly Call Dollar Maximum" shall have the meaning set forth in Section 2.3.2 (b).

"Quarterly Call Share Limit" shall have the meaning set forth in Section 2.3.2 (a).

"Registration Rights Agreement" shall mean that certain registration rights agreement entered into by the Company and Subscriber on even date herewith, in the form attached hereto as Exhibit A, or such other form as agreed upon by the parties.

"Registrable Securities" shall have the meaning as set forth in the Registration Rights Agreement.

"Registration Statement" shall have the meaning as set forth in the Registration Rights Agreement.

"Regulation D" shall have the meaning set forth in the Recitals hereto.

"Reporting Issuer" shall have the meaning set forth in Section 6.2.

"Risk Factors" shall have the meaning set forth in Section 3.2.4, attached hereto as Exhibit J.

"SEC" shall mean the Securities and Exchange Commission.

"Securities" shall mean the Common Stock of the Company, together with the Warrants and the Warrant Shares.

"Share Price" shall mean the purchase price per share of Common Stock for the applicable Closing.

"Shareholder 20% Approval" shall have the meaning set forth in Section 6.12.

"Six Month Reset Date" shall have the meaning set forth in Section 2.2.2(b).

"Six Month Reset Price" shall have the meaning set forth in Section 2.2.2(b).

"Six Month Reset Shares" shall have the meaning set forth in Section 2.2.2(b).

"Soft Floor Price" shall equal One Dollar ($1.00).

"Subscriber" shall have the meaning set forth in the preamble hereto.

"Subscriber Allocation" shall have the meaning as set forth in Section 2.1.

"Term" shall mean the term of this Agreement, which shall be a period of time ending on the date that is six (6) months after the earlier of (i) the date that is three years after the Initial Tranche Closing Date, or (ii) the Call Closing Date on which the sum of the Aggregate Initial

Tranche Dollar Amount plus the aggregate of the Call Dollar Amounts for all Call Closings equal the Maximum Offering Amount.

"Three Month Reset Date" shall have the meaning set forth in Section 2.2.2(a).

"Three Month Reset Price" shall have the meaning set forth in Section 2.2.2(a).

"Three Month Reset Shares" shall have the meaning set forth in Section 2.2.2(a).

"Trading Cushion" shall have the meaning set forth in Section 2.3.1(b).

"Trading Day" shall mean any day during which the Principal Market is open for business.

"Transaction Documents" shall have the meaning set forth in Section 9.

"Use of Proceeds Schedule" shall have the meaning as set forth in Section 3.2.4, attached hereto as Exhibit L.

"Warrant" shall have the meaning set forth in Section 2.4, in the form attached hereto as Exhibit D, or such other form as agreed upon by the parties.

"Warrant Shares" shall mean the Common Stock issuable upon exercise of the Warrants.

2. Purchase and Sale of Common Stock

2.1 Offer to Subscribe.

Subject to the terms and conditions herein and the satisfaction of the conditions to closing set forth in Sections 2.2.4 and 2.3.4 below, Subscriber hereby offers to subscribe for and purchase (i) an initial number of shares Common Stock according to Section 2.2 below, for an initial purchase price in the amount set forth in Section 2.2 below (the "Initial Tranche"), and (ii) such additional amounts of Common Stock as the Company may, in its sole and absolute discretion from time to time elect to issue and sell to Subscriber according to a Call for Proceeds pursuant to Section 2.3 below. Contemporaneously herewith, the Company may enter into agreements (the "Other Subscription Agreements") with other subscribers (the "Other Subscribers") for the sale and purchase of Common Stock. The aggregate dollar amount of Common Stock purchased by the Subscriber and the Other Subscribers for all Initial Tranches (the "Aggregate Initial Tranche Dollar Amount") and the aggregate dollar amount of Common Stock purchased by the Subscriber and the Other Subscribers for any and all Call for Proceeds shall be allocated pro rata among the Subscriber and the Other Subscribers based on the Initial Tranche Purchase Amount of Common Stock purchased by such subscriber in the Initial Tranche (collectively, the "Offering"). The amount allocated to the Subscriber shall be based on a percentage (the "Subscriber Allocation") equal to the quotient of (i) Initial Tranche Purchase Amount of the Subscriber, divided by the (ii) the Aggregate Initial Tranche Dollar Amount.

The parties hereto acknowledge that Swartz Investments, LLC, d/b/a Swartz Institutional Finance is acting as placement agent (the "Placement Agent") for this Offering and will be compensated by the Company in cash, Common Stock and warrants to purchase Common Stock. The Placement Agent has acted solely as placement agent in connection with the Offering by the Company of the Common Stock pursuant to this Agreement. The information and data contained in the Disclosure Documents (as defined in Section 3.2.4) have not been subjected to independent verification by the Placement Agent, and no representation or warranty is made by the Placement Agent as to the accuracy or completeness of the information contained in the Disclosure Documents.

2.2 Purchase of Initial Tranche. Subject to the terms and conditions herein and the satisfaction of the conditions to closing set forth in Section 2.2.4 below, Subscriber hereby agrees to subscribe for and purchase an initial number of shares of Common Stock according to Section 11 below (the "Initial Tranche Shares") at the initial purchase price per share of Common Stock as determined pursuant to Section 2.2.1 below (the "Initial Tranche Share Price"), for an initial purchase price in the amount set forth in Section 11 below (the "Initial Tranche Purchase Amount").

2.2.1 Initial Tranche Share Price. The purchase price per share of Common Stock (the "Initial Tranche Share Price") for the Initial Tranche shall be equal to the Market Price of the Common Stock, in effect on the Initial Tranche Subscription Date; provided, however, that the Initial Tranche Share Price shall be subject to the reset provision in Section 2.2.2 below.

2.2.2 Reset of Initial Tranche Share Price and Initial Tranche Shares. The Initial Tranche Share Price and the Initial Tranche Shares shall be subject to reset according to the following:

(a) If the Market Price on the date that is three (3) months after the Effective Date (the "Three Month Reset Date") of the Registration Statement is less than the Initial Tranche Share Price, then the Initial Tranche Share Price, with respect to one-half (1/2) of the Initial Tranche Shares, shall be reset to equal the Market Price on the Three Month Reset Date (the "Three Month Reset Price") and the Subscriber shall be issued additional Common Shares (the "Three Month Reset Shares") in an amount equal to the difference of (i) a number of shares equal to the quotient of (x) one-half (1/2) of the Initial Tranche Purchase Amount, divided by (y) the Three Month Reset Price, minus (ii) one-half (1/2) of the number of Initial Tranche Shares: provided, however, the Company's obligation to issue Three Month Reset Shares shall be subject to the Cap Amount as specified in Section 2.2.5 below; provided further that the provisions of this Section 2.2.2(a) shall be subject to adjustment as provided in Section 2.2.7 below; provided further that if on the Three Month Reset Date, the Registration Statement is subject to a Blackout Period or is otherwise ineffective, then for purposes hereof, the Three Month Reset Date shall be the first Trading Day thereafter that the Registration Statement becomes effective. On or before the third (3rd) Business Day following the Three Month Reset Date, the Company shall deliver to the Escrow Agent a certificate or certificates (in denominations as instructed by Subscriber) representing the Three Month Reset Shares registered in the name of Subscriber or its nominee (as instructed by Subscriber).

(b) If the Market Price on the date that is six (6) months after the Effective Date (the "Six Month Reset Date") of the Registration Statement is less than the Initial Tranche Share Price, then the Initial Tranche Share Price, with respect to one-half (1/2) of the Initial Tranche Shares, shall be reset to equal the Market Price on the Six Month Reset Date (the "Six Month Reset Price") and the Subscriber shall be issued additional Common Shares (the "Six Month Reset Shares") in an amount equal to the difference of (i) a number of shares equal to the quotient of (x) one-half (1/2) of the Initial Tranche Purchase Amount, divided by (y) the Six Month Reset Price, minus (ii) one-half (1/2) of the number of Initial Tranche Shares: provided, however, the Company's obligation to issue Six Month Reset Shares shall be subject to the Cap Amount as specified in Section 2.2.5 below; provided further that the provisions of this Section 2.2.2(b) shall be subject to adjustment as provided in Section 2.2.7 below; provided further that if on the Six Month Reset Date,

the Registration Statement is subject to a Blackout Period or is otherwise ineffective, then for purposes hereof, the Six Month Reset Date shall be the first Trading Day thereafter that the Registration Statement becomes effective. On or before the third (3rd) Business Day following the Six Month Reset Date, the Company shall deliver to the Escrow Agent a certificate or certificates (in denominations as instructed by Subscriber) representing the Six Month Reset Shares registered in the name of Subscriber or its nominee (as instructed by Subscriber).

2.2.3 Initial Tranche Closing. Assuming that the Initial Tranche Purchase Amount for the Initial Tranche and this Subscription Agreement, accepted by the Company, are received into the Company's designated escrow account for this Offering established pursuant to the Escrow Agreement and Instructions (the "Escrow Agreement") by and among the Company, First Union National Bank of Georgia (the "Escrow Agent") and the Subscriber (the "Escrow Account"), the closing of a sale and purchase of Common Stock as to each Subscriber (the "Closing") shall be deemed to occur (the "Initial Tranche Closing Date") when this Agreement, the Registration Rights Agreement and the Escrow Agreement have been executed, by both Subscriber and the Company and full payment shall have been made by Subscriber, by wire transfer to the Escrow Account as set forth in Section 8 for payment in consideration for the Company's delivery of certificates representing the Common Stock and Warrants purchased by Subscriber, and the other documents and instruments required to be delivered in connection with the Closing.

2.2.4 Conditions to Closing of the Initial Tranche. As a prerequisite to the Closing of the Initial Tranche and Subscriber's obligations hereunder, all of the following shall have been satisfied prior to such Closing:

(a) the following documents shall have been deposited with the Escrow Agent: (i) the Registration Rights Agreement, in the form attached hereto as Exhibit A, or such other form as agreed upon by the parties, (the "Registration Rights Agreement") (executed by the Company and Subscriber), (ii) an opinion of independent counsel, in the form attached hereto as Exhibit B, or such other form as agreed upon by the parties, (the "Opinion of Counsel") (signed by the Company's counsel), (iii) the Escrow Agreement, in the form attached hereto as Exhibit C, or such other form as agreed upon by the parties, (executed by the Company and Subscriber), (iv) certificates representing the Common Stock for which the Subscriber has subscribed issued in the name of the Subscriber or its nominee, (v) Warrants, in the form attached hereto as Exhibit D, or such other form as agreed upon by the parties, issued in the name of the Subscriber, and (vi) a secretary's certificate, as to (A) the resolutions of the Company's board of directors authorizing this transaction, (B) the Company's Certificate of Incorporation, and (C) the Company's Bylaws;

(b) the Initial Tranche Purchase Amount and this Subscription Agreement, accepted by the Company, shall have been received by the Escrow Agent;

(c) an Aggregate Initial Tranche Dollar Amount of at least Three Million Five Hundred Thousand Dollars ($3,500,000), this Subscription Agreement and

the Other Subscription Agreements, accepted by the Company, shall have been received by the Escrow Agent;

(d) the Company's Common Stock shall be listed for and actively trading on either the Nasdaq Small Cap Market, Nasdaq National Market, American Stock Exchange or New York Stock Exchange;

(e) other than continuing losses described in the Risk Factors below as described in the Disclosure Documents (as described in Section 3.2.4), as of the Closing there have been no material adverse changes in the Company's business prospects or financial condition since the date of the last balance sheet included in the Disclosure Documents, including but not limited to incurring material liabilities;

(f) the representations and warranties of the Company are true and correct in all material respects at the Initial Tranche Closing Date as if made on such date and the conditions to Subscriber's obligations set forth in this Section 2.2.4 are satisfied as of such closing, and the Company shall deliver a certificate, signed by an officer of the Company, to such effect to the Escrow Agent;

(g) the Company shall have reserved for issuance a sufficient number of Common Shares to effect the issuance of the Common Shares in the Initial Tranche Closing and to effect exercise of the corresponding Warrants, which number of shares shall initially be equal to Ten Million (10,000,000) shares, provided, however, that following the issuance of all Three Month Reset Shares and all Six Month Reset Shares, the Company may reduce the number of shares of Common Stock reserved for issuance to equal the number of shares of Common Stock issuable upon the full exercise of all outstanding Warrants; and

(h) the number of Initial Tranche Shares with respect to Subscriber shall not exceed a number of shares of Common Stock equal to the same number of shares of restricted securities that the Subscriber would otherwise be able to sell within a ninety (90) day period pursuant to Rule 144(e),promulgated under the Act, with respect to the Initial Tranche Closing Date.

2.2.5 Cap Amount. Unless otherwise permitted by Nasdaq, in no event shall the aggregate number of Initial Tranche Shares, Three Month Reset Shares, Six Month Reset Shares and any Call Shares exceed the maximum number of shares of Common Stock (the "Cap Amount") that the Company can, without shareholder approval, so issue pursuant to Nasdaq Rule 4460(i)(1)(d)(ii) (or any other applicable Nasdaq Rules or any successor rule) (the "Nasdaq 20% Rule"). In the event the Company is prohibited from issuing the full amount of Three Month Reset Shares or Six Month Reset Shares as a result of the operation of this Section 2.2.5, the Company shall issue such number of shares of Common Stock as are available without exceeding the Cap Amount (the "Cap Limit Shares") to the Subscriber as partial consideration for its obligation to issue the Three Month Reset Shares or Six Month Reset Shares, as the case may be, and shall pay the Subscriber the refund amount as specified in Section 2.2.6 below.

2.2.6 Refund due to Cap Amount. In the event the Company is prohibited from issuing the full amount of either the Three Month Reset Shares or the Six Month Reset Shares, or both, as a result of the operation of Section 2.2.5, the Company shall refund to the Subscriber a dollar amount (the "Initial Tranche Refund Amount") equal to the product of (a) the difference of (i) the number of Three Month Reset Shares or Six Month Reset Shares, as the case may be, required to be issued by the Company, minus (ii) the number of the Cap Limit Shares, times (b) the Three Month Reset Price or the Six Month Reset Price, as the case may be. On or before the third (3rd) Business Day following the Three Month Reset Date, the Six Month Reset Date or both such dates, as the case may be, the Company shall deliver to the Escrow Agent a certificate or certificates (in denominations as instructed by Subscriber) representing the Cap Limit Shares registered in the name of Subscriber or its nominee (as instructed by Subscriber) and the Initial Tranche Refund Amount.

2.2.7 Adjustments to Reset of Initial Tranche Share Price and Initial Tranche Shares.

(a) Adjustment Due to Stock Split or Combination. If, at any time, after the Initial Tranche Closing Date but prior to either the Three Month Reset Date or the Six Month Reset Date, as the case may be, the number of outstanding shares of Common Stock is increased by a stock split, stock dividend, or other similar event, or decreased by a combination or reclassification of shares, or other similar event, then the Three Month Reset Price or the Six Month Reset Price, as the case may be, shall be calculated giving appropriate effect to the stock split, stock dividend, combination, reclassification or other similar event.

(b) Adjustment Due to Merger, Consolidation, Etc. If, after the Initial Tranche Closing Date but prior to either the Three Month Reset Date or the Six Month Reset Date, as the case may be, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event (a "Reset Transaction"), as a result of which shares of Common Stock of the Company shall be changed into (or the shares of Common Stock become entitled to receive) the same or a different number of shares of the same or another class or classes of stock or securities of the Company or another entity, then, prior to the consummation of any Reset Transaction, the Company will make appropriate provision (in form and substance reasonably satisfactory to the Subscriber) to insure that the Subscriber shall thereafter have the right to acquire and receive, upon the basis and upon the terms and conditions specified herein and in lieu of or addition to (as the case may be) the shares of Common Stock theretofore issuable upon such Three Month Reset Date or Six Month Reset Date, as the case may be, such stock, securities and/or other assets that would have been issued or payable in such Reset Transaction with respect to or in exchange for the number of shares of Common Stock which would have been acquirable or receivable upon the Three Month Reset Date or Six Month Reset Date, as the case may be, had such Reset Transaction not taken place. In any such case, the Company will make appropriate provision (in form and substance reasonably satisfactory to the Subscriber) with respect to the Subscriber's rights and interests to insure that the provisions of this Section 2.2.7(b) and Section 2.2.2 will thereafter be enforceable and to give appropriate effect to the reset provisions in Section 2.2.2(a) and Section 2.2.2(b) (including, in the case of any such Reset Transaction in which the successor entity or purchasing entity is other than the Company, an immediate revision of the Initial Tranche Share Price to reflect the price of the common stock of the surviving entity and the market in which such common stock is traded). The Company shall not effect any transaction described in this Section

2.2.7(b) unless the resulting successor or acquiring entity (if not the Company) assumes by written instrument the obligations of the Company under this Agreement including this Section 2.2.7(b).

(c) Adjustment Due to Distribution. Subject to the restrictions herein contained, if at any time after the Initial Tranche Closing Date but prior to either the Three Month Reset Date or the Six Month Reset Date, as the case may be, the Company shall declare or make any distribution of its assets (or rights to acquire its assets) or shares of its capital stock (other than Common Stock) to holders of Common Stock as a partial liquidating dividend, by way of return of capital or otherwise (including any dividend or distribution to the Company's shareholders in cash or shares (or rights to acquire shares) of capital stock of any other public or private company, including but not limited to a subsidiary or spin-off of the Company (a "Distribution"), then the Subscriber shall be entitled, upon issuance of either the Three Month Reset Shares or Six Month Reset Shares, as the case may be, after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such distribution (in kind) which would have been payable to the Subscriber with respect to either the Three Month Reset Shares or Six Month Reset Shares, as the case may be, had such Subscriber been the holder of such shares of Common Stock on the record date for determination of shareholders entitled to such Distribution.

2.3 Call for Proceeds.

2.3.1 Procedure to Exercise Call for Proceeds. During any Monthly Period beginning on the date on which the Registration Statement is declared effective by the SEC (the "Effective Date"), the Company may, in its sole and absolute discretion, elect to exercise no more than one Call for Proceeds according to the following procedure:

(a) at least ten (10) Trading Days prior to any Call Date, the Company shall deliver advance written notice (the "Advance Call Notice," the form of which is attached hereto as Exhibit E, the date of such Advance Call Notice being the "Advance Call Notice Date") to Subscriber stating the Call Date for which the Company shall, subject to the limitations and restrictions contained herein, exercise a Call for Proceeds and the amount for which the Company shall exercise a Call for Proceeds (the "Intended Call Dollar Amount"). In order to effect delivery of the Advance Call Notice, the Company shall (i) send the Advance Call Notice by facsimile on such date so that such notice is received by the Subscriber by 6:00 p.m., New York, NY time, and (ii) surrender such notice on such date to a common courier for overnight delivery to the Subscriber (or two (2) day delivery in the case of a Subscriber residing outside of the U.S.). Upon receipt by the Subscriber of a facsimile copy of the Advance Call Notice, the Subscriber shall, within two (2) Business Days, send, via facsimile, a confirmation of receipt (the "Advance Call Notice Confirmation," the form of which is attached hereto as Exhibit F) of the Advance Call Notice to Company specifying that the Advance Call Notice has been received and affirming the intended Call Date and the Intended Call Dollar Amount;

(b) on the Call Date specified in the Advance Call Notice, the Company shall deliver written notice (the "Call Notice," the form of which is attached hereto as Exhibit G), the date of such Call Notice being the "Call Date") to Subscriber stating (i) a purchase amount (the "Call Dollar Amount") of Common Stock which Company intends to sell to Subscriber, (ii) the Call Date, (iii) the Call Shares as determined pursuant to Section 2.3.1 (c), and (iv) the Call Share Price as determined pursuant to Section 2.3.1 (d) (such exercise a "Call for Proceeds");

provided, however, that the Call Dollar Amount specified by the Company in the Call Notice shall be equal to the Intended Call Dollar Amount, unless the Call Dollar Amount must be restricted to the Maximum Call Dollar Amount pursuant to Section 2.3.2 (b) below or the Call Shares must be restricted to the Maximum Call Shares pursuant to Section 2.3.2(a); provided further that if the Call Dollar Amount must be restricted pursuant to either Section 2.3.2(a) or Section 2.3.2(b), then for purposes hereof, the Call Dollar Amount shall equal either the Maximum Call Dollar Amount or the purchase amount for the Maximum Call Shares, whichever is less; provided, further, that the Company shall not send a Call Notice unless at least fifteen (15) Trading Days, not including any Trading Day for which the Registration Statement is ineffective or subject to a Blackout Period, have elapsed (the "Trading Cushion") since the last Call Date for which a Call for Proceeds was closed; provided further, that the Company may, in its sole and absolute discretion, elect to void all or any portion of the amount set forth in the Advance Call Notice and elect not to exercise all or any portion of any Call for Proceeds on the Call Date specified in such Advance Call Notice, if the Market Price on such Call Date is less than eighty percent (80%) of the Closing Bid Price on such Advance Call Notice Date. In order to effect delivery of the Call Notice, the Company shall (i) send the Call Notice by facsimile on the Call Date so that such notice is received by the Subscriber by 6:00 p.m., New York, NY time, and (ii) surrender such notice on the Call Date to a common courier for overnight delivery to the Subscriber (or two (2) day delivery in the case of a Subscriber residing outside of the U.S.). Upon receipt by the Subscriber of a facsimile copy of the Call Notice, the Subscriber shall, within two (2) Business Days, send, via facsimile, a confirmation of receipt (the "Call Notice Confirmation," the form of which is attached hereto as Exhibit H) of the Call Notice to Company specifying that the Call Notice has been received and affirming the Call Date, the Call Dollar Amount, the Call Shares and the Call Share Price;

(c) the number of shares of Common Stock that the Subscriber shall receive pursuant to such Call for Proceeds (the "Call Shares") shall be determined by dividing the Call Dollar Amount specified in the Call Notice by the Call Share Price with respect to such Call Date, subject to the Call Limitations pursuant to Section 2.3.2 below; and

(d) the "Call Share Price" shall equal eighty five percent (85%) of the Market Price on the Call Date.

2.3.2 Call Limitations. The Company's right to exercise a Call for Proceeds shall be limited as follows:

(a) the Company shall not exercise any Call for Proceeds for a number of Call Shares with respect to any individual Subscriber in excess of the Maximum Call Shares. The "Maximum Call Shares" shall equal the difference of (i) the Quarterly Call Share Limit, as defined below, minus (ii) the aggregate number of all prior Call Shares sold to such Subscriber during the three (3) month period immediately preceding the Call Date. The "Quarterly Call Share Limit" applicable to a Call for Proceeds with respect to such Subscriber shall mean a number of shares of Common Stock equal to the same number of shares of restricted securities that the Subscriber would otherwise be able to sell pursuant to Rule 144(e),promulgated under the Act, with respect to such Call Date.;

(b) the Company shall not exercise a Call for Proceeds for a Call Dollar Amount in excess of the Maximum Call Dollar Amount. The Maximum Call Dollar Amount

shall equal the difference of (i) the Quarterly Call Dollar Maximum, as defined below, minus (ii) the aggregate of all prior Call Dollar Amounts with respect to the Subscriber during the three (3) month period immediately preceding the Call Date. The "Quarterly Call Dollar Maximum" shall be equal to the product of (i) the Aggregate Quarterly Dollar Maximum, and (ii) the Subscriber Allocation;

(c) if the Closing Bid Price of the Common Stock on any Trading Day during the ten (10) Trading Days preceding the Call Date is less than Soft Floor Price and greater than the Hard Floor Price, then the Company shall not exercise a Call for Proceeds for a Call Dollar Amount in excess of fifteen percent (15%) of the Maximum Call Dollar Amount that would otherwise be available; provided, however, that the Soft Floor Price and the Hard Floor Price shall be proportionately increased in the event of any combination or reverse stock split of the shares of Common Stock, or any recapitalization or reorganization which results in less shares of Common Stock being outstanding, and the Soft Floor Price and the Hard Floor Price shall be proportionately reduced in the event of any stock split or Common Stock dividend with respect to the shares of Common Stock;

(d) the Company shall not exercise a Call for Proceeds on a Call Date for which the Closing Bid Price on any Trading Day during the ten (10) Trading Days immediately preceding the Call Date is less than or equal to the Hard Floor Price; provided that the Hard Floor Price shall be adjusted, as necessary, according to Section 2.3.2(c) above;

(e) the Company shall not exercise a Call for Proceeds on a Call Date for which the Company has announced a subdivision or combination, including a reverse split, of its Common Stock or has subdivided or combined its Common Stock during the ten (10) Trading Days immediately preceding the Call Date;

(f) the Company shall not exercise a Call for Proceeds on a Call Date for which the Company has paid a dividend of its Common Stock or has made any other distribution of its Common Stock during the ten (10) Trading Days immediately preceding the Call Date;

(g) the Company shall not exercise a Call for Proceeds on a Call Date for which the Company has made, during the ten (10) Trading Days immediately preceding the Call Date, a distribution of all or any portion of its assets or evidences of indebtedness to the holders of its Common Stock;

(h) the Company shall not exercise a Call for Proceeds on a Call Date for which a Major Transaction has occurred or the Swiss Transaction has closed during the ten (10) Trading Days immediately preceding the Call Date;

(i) the Company shall not exercise a Call for Proceeds during the ten (10) Trading Days before and after the Three Month Reset Date and during the ten (10) Trading Days before and after the Six Month Reset Date;

(j) the Company shall not exercise a Call for Proceeds during the time period that is ninety (90) days after the Initial Tranche Closing Date;

(k) the Company shall not exercise a Call for Proceeds if, at any time, either the Company or any director or executive officer of the Company has engaged in a transaction or conduct that gives rise to claims of fraud or misrepresentation, or, if prosecuted criminally, would constitute a felony under applicable law. For purposes of determining whether the Company is precluded from exercising a Call for Proceeds pursuant to this paragraph, the Company shall be deemed to be precluded from exercising a Call for Proceeds if any regulatory or criminal proceeding is initiated against either the Company or any of its directors or executive officers and such proceeding is not dismissed within thirty (30) days of the initiation thereof;

(l) the Company shall not exercise a Call for Proceeds during the ten (10) Trading Days after the Effective Date of the Registration Statement;

(m) the Company shall not exercise a Call for Proceeds or any Call for Proceeds thereafter, on any date after (i) any Ineffective Period or Delisting Event, both as defined in the Registration Rights Agreement, that lasts for four (4) consecutive months, or (ii) after a cumulative time period including both an Ineffective Period and a Delisting Event that lasts for four (4) consecutive months;

(n) the Company shall not exercise a Call for Proceeds on a Call Date for which the Company has filed for and/or is subject to any bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors instituted by or against the Company or any subsidiary of the Company during the ten (10) Trading Days immediately preceding the Call Date; and

(o) the Company shall not exercise a Call for Proceeds after (i) the date that is three years after the Initial Tranche Closing, or (ii) the Call Closing Date on which the sum of the Aggregate Initial Tranche Dollar Amount plus the aggregate of the Call Dollar Amounts for all Call Closings equal the Maximum Offering Amount.

2.3.3 Call Closing. On or before the third (3rd) Business

Day following the Call Date for such Call for Proceeds (the "Company Due Date"), (i) the Company shall deliver to the Escrow Agent a certificate or certificates (in denominations as instructed by Subscriber) representing the Call Shares for such Call for Proceeds, registered in the name of Subscriber or its nominee (as instructed by Subscriber), and (ii) the Company shall deliver to the Escrow Agent any and all documents, instruments and other writings required to be delivered pursuant to Section 2.3.4 or any other provision of this Agreement in order to implement and effect the transactions contemplated herein. On or before the second (2nd) Business Day following notification by the Escrow Agent (pursuant to the Escrow Agreement) to the Subscriber that the Company has delivered such certificates and such documents (the "Subscriber Due Date"), the Subscriber shall deliver to the Escrow Agent the Call Dollar Amount for such Call for Proceeds as specified in the Call Notice in the manner specified in Section 8 below; provided, however, if the Company does not deliver the certificate or certificates representing the Call Shares on or before the Company Due Date, then the Call Share Price for such Call for Proceeds shall be reset to equal eighty five percent (85%) of the lower of the (i) the Market Price on the Call Date, or (ii) the lowest Closing Bid Price on any Trading Day from the Call Date until the date immediately preceding the date that the Company delivers the certificate or certificates representing all of the Call Shares to the Escrow Agent, including any additional shares required to be issued based upon such reset of the Call Share Price, if

applicable; provided, further, that if the Subscriber does not deliver to the Escrow Agent the Call Dollar Amount for such Call for Proceeds on or before the Subscriber Due Date, then the Subscriber shall pay to the Company, in addition to the Call Dollar Amount, an amount (the "Late Payment Amount") at a rate of X% per month, accruing daily, multiplied by such Call Dollar Amount, where "X" equals one percent (1%) for the first month following the date in question, and increases by an additional one percent (1%) for each month that passes after the date in question, up to a maximum of five percent (5%). The closing (each a "Call Closing") for each Call for Proceeds shall occur on the date that both (i) the Company has delivered to the Escrow Agent such certificates representing all of the Call Shares to the Escrow Agent, including any additional shares required to be issued based upon a reset of the Call Share Price, if applicable and such documents, and (ii) the Subscriber has delivered to the Escrow Agent such Call Dollar Amount and any Late Payment Amount, if applicable (each a "Call Closing Date").

2.3.4 Conditions to Closing of any Call for Proceeds. As a prerequisite to the Closing of any Call for Proceeds and Subscriber's obligations hereunder, all of the following shall have been satisfied prior to such Closing:

(a) the following shall have been deposited with the Escrow Agent: (i) the Call Dollar Amount, (ii) the certificates representing the Common Stock for which the Subscriber has subscribed issued in the name of the Subscriber, (iii) Warrants, in the form attached hereto as Exhibit D, or such other form as agreed upon by the parties, issued in the name of the Subscriber, and (iv) an opinion of counsel, in the form attached hereto as Exhibit I or such other form as agreed upon by the parties, (the "Opinion of Counsel") (signed by the Company's counsel);

(b) the Company's Common Stock shall be listed for and actively trading on either the Nasdaq Small Cap Market, Nasdaq National Market, American Stock Exchange or New York Stock Exchange and to the Company's knowledge there is no notice of any suspension or delisting with respect to the trading of the shares of Common Stock on such market or exchange;

(c) the Company shall have satisfied any and all obligations pursuant to the Registration Rights Agreement, including, but not limited to, the filing of the Registration Statement with the SEC with respect to the resale of all Registerable Securities and the requirement that the Registration Statement shall have been declared effective by the SEC for the resale of all Registerable Securities and the Company shall have satisfied and shall be in compliance with any and all obligations pursuant to the Subscription Agreement and the Warrants;

(d) as of the Closing there have been no material adverse changes in the Company's business prospects or financial condition (defined below in Section 5.2), including but not limited to incurring material liabilities, except as disclosed in the SEC documents filed by the Company since the Initial Tranche Closing Date;

(e) the representations and warranties of the Company are true and correct in all material respects at each Call Closing Date as if made on such date and the conditions to Subscriber's obligations set forth in this Section 2.3.4 are satisfied as of such closing, and the Company shall deliver a certificate, signed by an officer of the Company, to such effect to the Escrow Agent;

(f) the Company shall have reserved for issuance a sufficient number of Common Shares for the purpose of enabling the Company to satisfy any obligation to issue Common Shares pursuant to any Call for Proceeds and to effect exercise of the Warrants;

(g) the Registration Statement is not subject to a Black Out Period as defined in the Registration Rights Agreement, the prospectus included therein is current and deliverable, and to the Company's knowledge there is no notice of any investigation or inquiry concerning any stop order with respect to the Registration Statement;

(h) the Company shall have obtained the Shareholder 20% Approval as specified in Section 6.12; and

(i) none of the events or occurrences as specified in Section 2.3.2 (d) through (h) have occurred between the Call Date and the Call Closing Date.

2.3.5 Reset of Call Shares. In the event that the Company makes a public announcement or press release during the ten (10) Trading Days after any Call Date and the Closing Bid Price on the date that is ten (10) Trading Days after such Call Date (the "Call Reset Price") is less than eighty five percent (85%) of the Call Share Price on such Call Date, then the Company shall issue to the Subscriber an additional number of shares of Common Stock (the "Call Reset Shares") equal to the difference of (a) the quotient of (i) the Call Dollar Amount on such Call Date, divided by (ii) the Call Reset Price, minus (b) the number of Call Shares on such Call Date. On or before the third (3rd) Business Day following the date that is ten (10) Trading Days after the Call Date, the Company shall deliver to the Escrow Agent a certificate or certificates (in denominations as instructed by Subscriber) representing the Call Reset Shares registered in the name of Subscriber or its nominee (as instructed by Subscriber).

2.4 Warrants.

2.4.1 Warrants upon Issuance of Common Stock. On the Initial Tranche Closing Date and each Call Closing Date, the Company shall issue a Warrant to the Subscriber to purchase a number of shares of Common Stock equal to ten percent (10%) of the number of Common Shares issued to the Subscriber in the applicable Closing. In the event that the Closing Bid Price on the date that is ten (10) Trading Days after any Call Date is less than eighty five percent (85%) of the Call Share Price on such Call Date, then the Company shall issue to the Subscriber an additional Warrant to purchase a number of shares of Common Stock equal to the difference of (i) ten percent (10%) of the number of Common Shares that would have been issued to the Subscriber if the applicable Call Date had occurred ten (10) Trading Days after the applicable Call Closing Date, minus (ii) the number of shares of Common Stock that may be purchased by Subscriber pursuant to

the Warrant issued as a result of such original Call Date. The Warrant shall be immediately exercisable at the Share Price (either the Initial Tranche Share Price or the Call Share Price, as the case may be) of the Common Shares in the applicable Closing, and shall have a term beginning on the date of issuance and ending on December 31, 2004. The Warrant Shares shall be registered for resale pursuant to the Registration Rights Agreement.

2.4.2 Commitment Warrants. On the anniversary date of the Initial Tranche Closing Date and the two (2) succeeding anniversary dates thereafter (each date a "Commitment Anniversary Date"), the Company shall issue a Warrant to the Subscriber to purchase a number of shares of Common Stock equal to ten percent (10%) of the quotient of (i) a dollar amount equal to the difference of (a) the Minimum Commitment Amount, minus (b) the aggregate amount of Common Stock sold to the Subscriber during all years preceding such Commitment Anniversary Date, divided by (ii) the Market Price of the Common Stock on such Commitment Anniversary Date. The Warrant shall be immediately exercisable at the Market Price on such Commitment Anniversary Date and shall have a term beginning on the date of issuance and ending on December 31, 2004. The "Minimum Commitment Amount" shall equal $6,666,666.66 for the first year, $13,333,333.32 for the second year and the Maximum Offering Amount for the third year. The Warrant Shares shall be registered for resale pursuant to the Registration Rights Agreement.

2.4.3 Issuance of Commitment Warrants upon Reorganization, Consolidation, Merger, Ect. In case of any reorganization of the Company after the Initial Tranche Closing Date, or in case, after such date, the Company shall transfer all or substantially all of its properties or assets to or consolidate with or merge into any other public or private company, including but not limited to a subsidiary or spin-off of the Company, by way of return of capital or otherwise (including any dividend or distribution to the Company's shareholders in cash or shares (or rights to acquire shares) of capital stock of any other public or private company, then in such case the Subscriber shall be entitled to receive on the Trading Day prior to the date of consummation of such reorganization, conveyance, consolidation or merger (the "Consummation Date"), in lieu of any Warrants pursuant to Section 2.4.2, a warrant to purchase a number of shares of Common Stock equal to ten percent (10%) of the quotient of (i) a dollar amount equal to the difference of (a) the Maximum Offering Amount, minus (b) the aggregate amount of Common Stock sold to the Subscriber pursuant to this Agreement during all years preceding such Consummation Date, divided by (ii) the Market Price of the Common Stock on the Trading Day (the "Valuation Date") immediately prior to the date of the public announcement by the Company of such reorganization, conveyance, consolidation or merger. Such warrant shall be immediately exercisable at the Market Price on the Valuation Date and shall entitle the Subscriber to receive, upon payment of the exercise price, in lieu of the Common Stock issuable upon such exercise, the cash, securities or other property to which the Subscriber would have been entitled upon such Consummation Date if the Subscriber had so exercised such warrant immediately prior thereto.

2.5 Subscriber's Right to Defer Receipt. If at any time the Subscriber would have the right to receive shares of Common Stock from the Company, including, without limitation, by reason of Section 2.2.2 (Three Month Reset Shares and Six Month Reset Shares), Section 2.3 (Call for Proceeds) or Section 2.3.5 (Reset of Call Shares), and/or the right to receive a Warrant or Warrants by reason of Section 2.4 hereof, and as a result of receiving such additional shares of Common Stock or such Warrants the Subscriber would be deemed to be, after taking into account Common Shares previously acquired from the Company, Warrant Shares deemed to be beneficially owned pursuant to ownership of the Warrants, and any other shares of Common Stock of the Company deemed to be beneficially

owned by the Subscriber, the beneficial owner (within the meaning of Section 13(d) of the Exchange Act) of 9.9% of the Common Stock of the Company, the Subscriber may elect to defer receipt of all or any portion of such Common Shares from the Company and/or defer receipt of all or any portion of such Warrant or Warrants, by sending a notice to the Company of such election. Such election shall not affect the Subscriber's obligation to pay for Call Shares, as if such election had not been made, nor shall it affect (other than by way of deferral, as set forth herein) the Subscriber's absolute and unconditional right to receive the shares of Common Stock and/or Warrants to which it was otherwise entitled. In the event the Subscriber makes such election, (i) it may waive such election, in whole or in part, at any time effective on sixty one (61) days' prior notice to the Company and (ii) may waive it effective immediately upon notice to the Company in the event of the announcement by the Company or any third party of a Major Transaction. The Company shall deliver the shares and/or Warrants to which the Subscriber is entitled on the effective date of the waiver in the case of clause (i) above, and within three (3) Trading Days of the date of the waiver notice in the case of a waiver pursuant to clause (ii) above.

3. Representations, Warranties and Covenants of Subscriber. Subscriber hereby represents and warrants to and agrees with the Company as follows:

3.1 Accredited Investor. Subscriber is an accredited investor, as defined in Rule 501 of Regulation D, and has checked the applicable box set forth in Section 12 of this Agreement.

3.2 Investment Experience; Access to Information; Independent Investigation.

3.2.1 Access to Information. Subscriber or Subscriber's professional advisor has been granted the opportunity to ask questions of and receive answers from representatives of the Company, its officers, directors, employees and agents concerning the terms and conditions of this Offering, the Company and its business and prospects, and to obtain any additional information which Subscriber or Subscriber's professional advisor deems necessary to verify the accuracy and completeness of the information received.

3.2.2 Reliance on Own Advisors. Subscriber has relied completely on the advice of, or has consulted with, Subscriber's own personal tax, investment, legal or other advisors and has not relied on the Company or any of its affiliates, officers, directors, attorneys, accountants or any affiliates of any thereof and each other person, if any, who controls any of the foregoing, within the meaning of Section 15 of the Act for any tax or legal advice (other than reliance on information in the Disclosure Documents as defined in Section 3.2.4 below and on the Opinion of Counsel). The foregoing, however, does not limit or modify Subscriber's right to rely upon covenants, representations and warranties of the Company in this Agreement.

3.2.3 Capability to Evaluate. Subscriber has such knowledge and experience in financial and business matters so as to enable such Subscriber to utilize the information made available to it in connection with the Offering in order to evaluate the merits and risks of the prospective investment, which are substantial, including without limitation those set forth in the Disclosure Documents (as defined in Section 3.2.4 below).

3.2.4 Disclosure Documents. Subscriber, in making Subscriber's investment decision to subscribe for the Securities hereunder, represents that (a) Subscriber has received and had an opportunity to review (i) the Company's Annual Report on Form 10-K/A for the year ended April 30, 1997 (ii) the Company's quarterly report on Form 10-Q/A for the quarter ended January 31, 1998, (iii) the Risk Factors, attached as Exhibit J, (the "Risk Factors") (iv) the Capitalization Schedule, attached as Exhibit K, (the "Capitalization Schedule") and (v) the Use of Proceeds Schedule, attached as Exhibit L, (the "Use of Proceeds Schedule"); (b) Subscriber has read, reviewed, and relied solely on the documents described in (a) above, the Company's representations and warranties and other information in this Agreement, including the exhibits, documents prepared by the Company regarding the Swiss Transaction and the Business Product Overview which has been specifically provided to Subscriber in connection with this Offering (the documents described in this Section 3.2.4 (a) and (b) are collectively referred to as the "Disclosure Documents"), and an independent investigation made by Subscriber and Subscriber's representatives, if any; (c) Subscriber has, prior to the date of this Agreement, been given an opportunity to review material contracts and documents of the Company which have been filed as exhibits to the Company's filings under the Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act") and has had an opportunity to ask questions of and receive answers from the Company's officers and directors; and (d) is not relying on any oral representation of the Company or any other person, nor any written representation or assurance from the Company other than those contained in the Disclosure Documents or incorporated herein or therein. The foregoing, however, does not limit or modify Subscriber's right to rely upon covenants, representations and warranties of the Company in Sections 5 and 6 of this Agreement. Subscriber acknowledges and agrees that the Company has no responsibility for, does not ratify, and is under no responsibility whatsoever to comment upon or correct any reports, analyses or other comments made about the Company by any third parties, including, but not limited to, analysts' research reports or comments (collectively, "Third Party Reports"), and Subscriber has not relied upon any Third Party Reports, including any provided by the Placement Agent, in making the decision to invest.

3.2.5 Investment Experience; Fend for Self. Subscriber has substantial experience in investing in securities and he, she or it has made investments in securities other than those of the Company. Subscriber acknowledges that Subscriber is able to fend for Subscriber's self in the transaction contemplated by this Agreement, that Subscriber has the ability to bear the economic risk of Subscriber's investment pursuant to this Agreement and that Subscriber is an "Accredited Investor" by virtue of the fact that Subscriber meets the investor qualification standards set forth in Section 3.1 above. Subscriber has not been organized for the purpose of investing in securities of the Company, although such investment is consistent with Subscriber's purposes.

3.3 Exempt Offering Under Regulation D.

3.3.1 Investment; No Distribution. Subscriber is acquiring the Securities to be issued and sold hereunder for his, her or its own account (or a trust account if such Subscriber is a trustee) for investment and not as a nominee and not with a present view to the distribution thereof. Subscriber is aware that there are legal and practical limits on Subscriber's ability to sell or dispose of the Securities and, therefore, that Subscriber may be required to bear the economic risk of the investment for an indefinite period of time, has adequate means of providing for Subscriber's current needs and possible personal contingencies and could afford a complete loss of such investment. Subscriber's commitment to illiquid investments is reasonable in relation to Subscriber's net worth.

By making the representations in this Section 3.3.1, the Subscriber does not agree to hold the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption from registration under the Act, except as otherwise limited or required by this Agreement, and the Registration Rights Agreement.

3.3.2 No General Solicitation. The Securities were not offered to Subscriber through, and Subscriber is not aware of, any form of general solicitation or general advertising, including, without limitation, (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, and (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

3.3.3 Restricted Securities. Subscriber understands that the Common Stock issued at the Initial Tranche Closing, the Common Stock issued at each Call Closing will be, and the Warrant Shares will be, characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction exempt from the registration requirements of the federal securities laws and that under such laws and applicable regulations such securities may not be transferred or resold without registration under the Act or pursuant to an exemption therefrom. In this connection, Subscriber represents that Subscriber is familiar with Rule 144 under the Act, as presently in effect, and understands the resale limitations imposed thereby and by the Act.

3.3.4 Disposition. Without in any way limiting the representations set forth above, Subscriber further agrees not to sell, transfer, assign, pledge (except for any bona fide pledge arrangement to the extent that such pledge does not require registration under the Act or unless an exemption from such registration is available) and provided further that if such pledge is realized upon, any transfer to the pledgee shall comply with the requirements set forth herein), or otherwise dispose of all or any portion of the Securities unless and until:

(a) There is then in effect a registration statement under the Act and any applicable state securities laws covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) Subscriber shall have notified the Company of the proposed disposition and shall have furnished the Company with a statement of the circumstances surrounding the proposed disposition to the extent relevant for determination of the availability of an exemption from registration, and (ii) if reasonably requested by the Company, Subscriber shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of the Securities under the Act or state securities laws. It is agreed that the Company will not require the Subscriber to provide opinions of counsel for transactions made pursuant to Rule 144 provided that Subscriber and Subscriber's broker, if necessary, provide the Company with the necessary representations for counsel to the Company to issue an opinion with respect to such transaction.

3.4 Due Authorization.

3.4.1 Authority. The person executing this Subscription Agreement, if executing this Agreement in a representative or fiduciary capacity, has full power and authority to execute and deliver this Agreement and each other document included herein for which a signature is required in such capacity and on behalf of the subscribing individual, partnership, trust, estate, corporation or other entity for whom or which Subscriber is executing this Agreement. Subscriber has reached the age of majority (if an individual) according to the laws of the state in which he or she resides.

3.4.2 Due Authorization. If Subscriber is a corporation, Subscriber is duly and validly organized, validly existing and in good tax and corporate standing as a corporation under the laws of the jurisdiction of its incorporation with full power and authority to purchase the Securities to be purchased by Subscriber and to execute and deliver this Agreement.

3.4.3 Partnerships. If Subscriber is a partnership, the representations, warranties, agreements and understandings set forth above are true with respect to all partners of Subscriber (and if any such partner is itself a partnership, all persons holding an interest in such partnership, directly or indirectly, including through one or more partnerships), and the person executing this Agreement has made due inquiry to determine the truthfulness of the representations and warranties made hereby.

3.4.4 Representatives. If Subscriber is purchasing in a representative or fiduciary capacity, the representations and warranties shall be deemed to have been made on behalf of the person or persons for whom Subscriber is so purchasing.

3.5 Limitations on Shorting. Subscriber hereby covenants and agrees that during the ten (10) Trading Days prior to any Call Date, Subscriber will not create or increase a net short position with respect to the Common Stock of the Company. Subscriber hereby covenants and agrees that during the thirty (30) calendar days prior to either the Three Month Reset Date or the Six Month Reset Date, as the case may be, Subscriber will not create or increase a net short position with respect to the Common Stock of the Company. Subscriber hereby covenants and agrees that Subscriber shall not engage in any trading practice or activity for the purpose of manipulating the price of the Common Stock or otherwise engage in any trading practice or activity that violates SEC rules and regulations.

4. Acknowledgments. Subscriber is aware that:

4.1 Risks of Investment. Subscriber recognizes that an investment in the Company involves substantial risks, including the potential loss of Subscriber's entire investment herein. Subscriber recognizes that the Disclosure Documents, this Agreement and the exhibits hereto do not purport to contain all the information, which would be contained in a registration statement under the Act;

4.2 No Government Approval. No federal or state agency has passed upon the Securities, recommended or endorsed the Offering, or made any finding or determination as to the fairness of this transaction;

4.3 No Registration, Restrictions on Transfer. The Securities and any component thereof have not been registered under the Act or any applicable state securities laws by reason of

exemptions from the registration requirements of the Act and such laws, and may not be sold, pledged (except for any limited pledge in connection with a margin account of Subscriber to the extent that such pledge does not require registration under the Act or unless an exemption from such registration is available and provided further that if such pledge is realized upon, any transfer to the pledgee shall comply with the requirements set forth herein), assigned or otherwise disposed of in the absence of an effective registration of the Securities and any component thereof under the Act or unless an exemption from such registration is available;

4.4 Restrictions on Transfer. Subscriber may not attempt to sell, transfer, assign, pledge or otherwise dispose of all or any portion of the Securities or any component thereof in the absence of either an effective registration statement or an exemption from the registration requirements of the Act and applicable state securities laws;

4.5 No Assurances of Registration. There can be no assurance that any registration statement will become effective at the scheduled time, or ever, Subscriber acknowledges that it may be required to bear the economic risk of Subscriber's investment for an indefinite period of time;

4.6 Exempt Transaction. Subscriber understands that the Securities are being offered and sold in reliance on specific exemptions from the registration requirements of federal and state law and that the representations, warranties, agreements, acknowledgments and understandings set forth herein are being relied upon by the Company in determining the applicability of such exemptions and the suitability of Subscriber to acquire such Securities.

4.7 Legends. It is understood that the certificates evidencing the Common Stock delivered on the Initial Tranche Closing Date, the Warrants, and the Warrant Shares, subject to legend removal under the terms of Section 6.9 below, shall bear the following legend (the "Legend"):

> "The securities represented hereby have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws, nor the securities laws of any other jurisdiction. They may not be sold or transferred in the absence of an effective registration statement under those securities laws or pursuant to an exemption therefrom."

5. Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to Subscriber (which shall be true at the signing of this Agreement, as of the Initial Tranche Closing and each Call Closing, and as of any such later date as contemplated hereunder) and agrees with Subscriber that:

5.1 Organization, Good Standing, and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware USA and has all requisite corporate power and authority to carry on its business as now

conducted and as proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on the business or properties of the Company and its subsidiaries taken as a whole. The Company is not the subject of any pending, threatened or, to its knowledge, contemplated investigation or administrative or legal proceeding (a "Proceeding") by the Internal Revenue Service, the taxing authorities of any state or local jurisdiction, or the Securities and Exchange Commission ("SEC"), The National Association of Securities Dealer, Inc., The Nasdaq Stock Market, Inc. or any state securities commission, or any other governmental entity, which have not been disclosed in the Disclosure Documents. None of the disclosed Proceedings, if any, will have a material adverse effect upon the Company or the market for the Common Stock. The Company has one subsidiary, Peregrine Pharmaceuticals, Inc..

5.2 Corporate Condition. The Company's condition is, in all material respects, as described in the Disclosure Documents, except for changes in the ordinary course of business and normal year-end adjustments that are not, in the aggregate, materially adverse to the Company. Except for continuing losses, there have been no material adverse changes to the Company's business, financial condition, or prospects since the date of such Disclosure Documents. The financial statements as contained in the 10-K/A and 10-Q/A have been prepared in accordance with generally accepted accounting principles, consistently applied (except as otherwise permitted by Regulation S-X of the Exchange Act), and fairly present the financial condition of the Company as of the dates of the balance sheets included therein and the consolidated results of its operations and cash flows for the periods then ended. Without limiting the foregoing, there are no material liabilities, contingent or actual, that are not disclosed in the Disclosure Documents (other than liabilities incurred by the Company in the ordinary course of its business, consistent with its past practice, after the period covered by the Disclosure Documents). The Company has paid all material taxes, which are due, except for taxes, which it reasonably disputes. There is no material claim, litigation, or administrative proceeding pending, or, to the best of the Company's knowledge, threatened against the Company, except as disclosed in the Disclosure Documents. This Agreement and the Disclosure Documents do not contain any untrue statement of a material fact and do not omit to state any material fact required to be stated therein or herein necessary to make the statements contained therein or herein not misleading in the light of the circumstances under which they were made. No event or circumstance exists relating to the Company which under applicable law, requires public disclosure but which has not been so publicly announced or disclosed.

5.3 Authorization. All corporate action on the part of the Company by its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder and the authorization, issuance and delivery of the Common Stock being sold hereunder and the issuance (and/or the reservation for issuance) of the Warrants and the Warrant Shares have been taken, and this Agreement, the Escrow Agreement and the Registration Rights Agreement constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, except insofar as the enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally or by principles governing the availability of equitable remedies. The Company has obtained all consents and approvals required for it to execute, deliver and perform each agreement referenced in the previous sentence.

5.4 Valid Issuance of Common Stock. The Common Stock and the Warrants, when issued, sold and delivered in accordance with the terms hereof, for the consideration expressed herein, will be validly issued, fully paid and nonassessable and, based in part upon the representations of Subscriber in this Agreement, will be issued in compliance with all applicable U.S. federal and state securities laws. The Warrant Shares, when issued in accordance with the terms of the Warrants, shall be duly and validly issued and outstanding, fully paid and nonassessable, and based in part on the representations and warranties of Subscriber, will be issued in compliance with all applicable U.S. federal and state securities laws. The Common Stock, the Warrants and the Warrant Shares will be issued free of any preemptive rights. The Company currently has Ten Million (10,000,000) Common Shares and Warrant Shares reserved for issuance upon the Initial Tranche Closing and reserved for issuance upon exercise of the Warrants.

5.5 Compliance with Other Instruments. The Company is not in violation or default of any provisions of its Certificate of Incorporation or Bylaws each as amended, and in effect on and as of the date of the Agreement or of any material provision of any material instrument or material contract to which it is a party or by which it is bound or of any provision of any federal or state judgment, writ, decree, order, statute, rule or governmental regulation applicable to the Company, which would have a material adverse effect on the Company's business or prospects, or on the performance of its obligations under this Agreement or the Registration Rights Agreement. The execution, delivery and performance of this Agreement and the other agreements entered into in conjunction with the Offering and the consummation of the transactions contemplated hereby and thereby will not (a) result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument or contract or an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company, which would have a material adverse effect on the Company's business or prospects, or on the performance of its obligations under this Agreement, the Registration Rights Agreement, (b) violate the Company's Certificate of Incorporation or By-Laws or (c) violate any statute, rule or governmental regulation applicable to the Company which violation would have a material adverse effect on the Company's business or prospects.

5.6 Reporting Company. The Company is subject to the reporting requirements of the Exchange Act, has a class of securities registered under Section 12 of the Exchange Act, and has filed all reports required by the Exchange Act since the date the Company first became subject to such reporting obligations. The Company undertakes to furnish Subscriber with copies of such reports as may be reasonably requested by Subscriber prior to consummation of this Offering and thereafter, to make such reports available, for the full term of this Agreement, including any extensions thereof, and for as long as Subscriber holds the Securities. The Common Stock is duly listed on the Nasdaq Small Cap Market. The Company is not in violation of the listing requirements of the Nasdaq Small Cap Market and does not reasonably anticipate that the Common Stock will be delisted by the Nasdaq Small Cap Market for the foreseeable future. The Company has filed all reports required under the Exchange Act. The Company has not furnished to the Subscriber any material nonpublic information concerning the Company.

5.7 Capitalization. The capitalization of the Company as of June 1, 1998, is, and the capitalization as of the Closing, subject to conversion of any outstanding Series C Preferred Stock, exercise of any outstanding warrants and/or exercise of any outstanding stock options, after taking into account the offering of the Securities contemplated by this Agreement and all other share

issuances occurring prior to this Offering, will be, as set forth in the Capitalization Schedule as set forth in Exhibit K. There are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities. Except as disclosed in the Capitalization Schedule, as of the date of this Agreement, (i) there are no outstanding options, warrants, scrip, rights to subscribe for, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exercisable or exchangeable for, any shares of capital stock of the Company or any of its subsidiaries, or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries, and (ii) there are no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of its or their securities under the Act (except the Registration Rights Agreement, and registration rights relating to the Class C Preferred Stock penalties, the BTD Warrants, the Rudolph and Sletton Warrants and the 1998 private placement shares and warrants).

5.8 Intellectual Property. The Company has valid, unrestricted and exclusive ownership of or rights to use the patents, trademarks, trademark registrations, trade names, copyrights, know-how, technology and other intellectual property necessary to the conduct of its business. Exhibit M lists all patents, trademarks, trademark registrations, trade names and copyrights of the Company. The Company has granted such licenses or has assigned or otherwise transferred a portion of (or all of) such valid, unrestricted and exclusive patents, trademarks, trademark registrations, trade names, copyrights, know-how, technology and other intellectual property necessary to the conduct of its business as set forth in Exhibit M. The Company has been granted licenses, know-how, technology and/or other intellectual property necessary to the conduct of its business as set forth in Exhibit M. To the best of the Company's knowledge after due inquiry, the Company is not infringing on the intellectual property rights of any third party, nor is any third party infringing on the Company's intellectual property rights. There are no restrictions in any agreements, licenses, franchises, or other instruments that preclude the Company from engaging in its business as presently conducted.

5.9 Use of Proceeds. As of the date hereof, the Company expects to use the proceeds from this Offering (less fees and expenses) for the purposes and in the approximate amounts set forth on the Use of Proceeds Schedule set forth as Exhibit L hereto. These purposes and amounts are estimates and are subject to change without notice to any Subscriber.

5.10 No Rights of Participation. No person or entity, including, but not limited to, current or former shareholders of the Company, underwriters, brokers, agents or other third parties, has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the financing contemplated by this Agreement which has not been waived.

5.11 Company Acknowledgment. The Company hereby acknowledges that Subscriber may elect to hold the Securities for various periods of time, as permitted by the terms of this Agreement, the Warrants, and other agreements contemplated hereby, and the Company further acknowledges that Subscriber and the Placement Agent have made no representations or warranties, either written or oral, as to how long the Securities will be held by Subscriber or regarding Subscriber's trading history or investment strategies.

5.12 Termination Date of Offering. In no event shall the Initial Tranche Closing Date occur later than three (3) Business Days after the Initial Tranche Subscription Date. If the Initial Tranche Closing does not occur within three (3) Business Days of the Initial Tranche Subscription Date, then either party may terminate this Agreement without affecting any liability either party may have as a result of any breach of this Agreement prior to such termination.

5.13 Underwriter's Fees and Rights of First Refusal. The Company is not obligated to pay in excess of two hundred thousand dollars ($200,000) compensation or other fees, costs or related expenditures in cash or securities to any underwriter, broker, agent or other representative other than the Placement Agent in connection with this Offering.

5.14 Availability of Suitable Form for Registration. The Company is currently eligible and agrees to maintain its eligibility to register the resale of its Common Stock on a registration statement on a suitable form under the Act.

5.15 No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales of any of the Company's securities or solicited any offers to buy any security under circumstances that would prevent the parties hereto from consummating the transactions contemplated hereby pursuant to an exemption from registration under the Act pursuant to the provisions of Regulation D or would require the issuance of any other securities to be integrated with this Offering under the Rules of Nasdaq. The Company has not engaged in any form of general solicitation or advertising in connection with the offering of the Common Stock or the Warrants.

5.16 Acknowledgment of Dilution. The number of Three Month Reset Shares and Six Month Reset Shares that the Company may be obligated to issue on either the Three Month Reset Date or the Six Month Reset Date may increase substantially in certain circumstances, including the circumstance in which the trading price of the Common Stock declines. Such shares, alone or in combination with the Initial Tranche Shares, may represent a substantial portion of the Company's capitalization and may have an adverse impact on the market for the Common Stock. The Company's executive officers and directors have studied and fully understand the nature of this Agreement and the Securities being sold hereunder and recognize that they have a potential dilutive effect. The board of directors of the Company has concluded in its good faith business judgment that such issuance is in the best interests of the Company.

5.17 Foreign Corrupt Practices. Neither the Company, nor any of its subsidiaries, nor any director, officer, agent, employee or other person acting on behalf of the Company or any subsidiary has, in the course of its actions for, or on behalf of, the Company, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

5.18 Key Employees. Each Key Employee (as defined below) is currently serving the Company in the capacity disclosed in Exhibit N. No Key Employee, to the best knowledge of the

Company and its subsidiaries, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each Key Employee does not subject the Company or any of its subsidiaries to any liability with respect to any of the foregoing matters. No Key Employee has, to the best knowledge of the Company and its subsidiaries, any intention to terminate his employment with, or services to, the Company or any of its subsidiaries. "Key Employee" means Larry Bymaster, President and Chief Executive Officer.

5.19 Representations Correct. The foregoing representations, warranties and agreements are true, correct and complete in all material respects, and shall survive the Initial Tranche Closing and any Call Closing and the issuance of the shares of Common Stock thereby.

5.20 Tax Status. The Company has made or filed all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and as set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

5.21 Transactions With Affiliates. Except as set forth in the Disclosure Documents, none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

5.22 Application of Takeover Protections. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination or other similar anti-takeover provision under Delaware law which is or could become applicable to the Subscriber as a result of the transactions contemplated by this Agreement, including, without limitation, the issuance of the Common Stock, any exercise of the Warrants and ownership of the Common Shares and Warrant Shares. The Company has not adopted and will not adopt any "poison pill" provision that will be applicable to Subscriber as a result of transactions contemplated by this Agreement.

5.23 Other Agreements. The Company has not, directly or indirectly, made any agreements with the Subscriber, or any Other Subscribers, under a subscription in the form of this Agreement for the purchase of Common Stock, relating to the terms or conditions of the transactions contemplated hereby or thereby except as expressly set forth herein or in the Other Subscription Agreement, respectively, or in exhibits hereto or thereto.

5.24 Major Transactions. There are no other Major Transactions currently pending or contemplated by the Company, except for the Swiss Transaction.

5.25 Financings. There are no other financings currently pending or contemplated by the Company, except for a private placement of at least four million dollars ($4,000,000) to fund the buyout of certain distribution rights from Biotechnology Development Ltd. (the "BTD Buyout").

6. Covenants of the Company

6.1 Independent Auditors. The Company shall, until at least the later of (i) the date that is three (3) years after the Initial Tranche Closing Date or (ii) the issuance of all of the Common Stock purchased pursuant to any Call for Proceeds under this Agreement, and the exercise of the Warrants, maintain as its independent auditors an accounting firm authorized to practice before the SEC.

6.2 Corporate Existence and Taxes. The Company shall, until at least the later of (i) the date that is three (3) years after the Initial Tranche Closing Date or (ii) the issuance of all of the Common Stock purchased pursuant to any Call for Proceeds under this Agreement, and the exercise of the Warrants, maintain its corporate existence in good standing and remain a "Reporting Issuer" (defined as a Company which files periodic reports under the Exchange Act) (provided, however, that the foregoing covenant shall not prevent the Company from entering into any merger or corporate reorganization as long as the surviving entity in such transaction, if not the Company, assumes the Company's obligations with respect to the Common Stock and has Common Stock listed for trading on a stock exchange or on Nasdaq and is a Reporting Issuer) and shall pay all its taxes when due except for taxes which the Company disputes.

6.3 Registration Rights. The Company will enter into a registration rights agreement covering the resale of the Common Shares and the Warrant Shares substantially in the form of the Registration Rights Agreement attached as Exhibit A.

6.4 [Intentionally Omitted]

6.5 Asset Transfers. The Company shall not (i) transfer, sell, convey or otherwise dispose of any of its material assets to any Subsidiary except for a cash or cash equivalent consideration and for a proper business purpose or (ii)) transfer, sell, convey or otherwise dispose of any of its material assets to any Affiliate, as defined below, during the Term of this Agreement. For purposes hereof, "Affiliate" shall mean any officer of the Company, director of the Company or owner of twenty percent (20%) or more of the Common Stock or other securities of the Company.

6.6 Capital Raising Limitations; Rights of First Refusal.

6.6.1 Capital Raising Limitations. During the Term of this Agreement, the Company shall not issue or sell, or agree to issue or sell, for cash in private capital raising transactions (the following to be collectively referred to herein as, the "Variable Deals"), (a) any debt or equity securities which are convertible into, exercisable or exchangeable for, or carry the right to receive additional shares of Common Stock either (i) at any conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for Common Stock at any time after the initial issuance of such debt or equity security, or (ii) with a

fixed conversion, exercise or exchange price that is subject to being reset at some future date at any time after the initial issuance of such debt or equity security or upon the occurrence of specified contingent events directly or indirectly related to the business of the Company of the market for the Common Stock, or (b) any securities of the Company pursuant to an equity line structure or format similar in nature to this Offering without obtaining the prior written approval of the Subscribers of the Offering (the limitations referred to in this sentence are collectively referred to as the "Capital Raising Limitations"). For any private capital raising transactions not subject to the Capital Raising Limitations, the Company agrees to deliver to Subscriber at least ten (10) days prior to the closing of such transaction, written notice describing the proposed transaction, including the terms and conditions thereof, and providing the Subscriber and its affiliates an option during the ten (10) day period following delivery of such notice to purchase securities being offered in such transaction on the same terms as contemplated by such transaction. The maximum amount of securities which a Subscriber is entitled to purchase (the "Participation Amount") in such transaction shall be a number obtained by multiplying the aggregate amount of securities being offered in such transaction by twenty percent (20%); provided, however, that the lead investor or the placement agent of such transaction may elect to purchase the Subscriber's right to participant in such transaction by paying Subscriber a dollar amount equal to the greater of (i) one percent (1%) of the purchase amount of the Participation Amount, or (ii) Fifty Thousand Dollars ($50,000).

6.6.2 Exceptions to the Capital Raising Limitation. The Capital Raising Limitations shall not apply to any transaction involving issuances of securities in connection with a merger, consolidation, acquisition or sale of assets, or in connection with any strategic partnership or joint venture (the primary purpose of which is not to raise equity capital), or in connection with the disposition or acquisition of a business, product or license by the Company or exercise of options by employees, consultants or directors. The Capital Raising Limitations also shall not apply to (a) the issuance of securities pursuant to a firm commitment underwritten public offering, (b) the issuance of securities upon exercise or conversion of the Company's options, warrants or other convertible securities outstanding as of the date hereof, (c) the grant of additional options or warrants, or the issuance of additional securities, under any Company stock option or restricted stock plan for the benefit of the Company's employees, directors or consultants, (d) the issuance of debt securities, with no variable equity feature, incurred solely for working capital purposes, (e) the Swiss Transaction, or (f) the BTD Buyout; provided, however, that under no circumstances shall the issuance of securities pursuant to clauses (a) through (f) constitute Variable Deals as specified in Section 6.6.1 above.

6.7 Financial 10-K Statements, Etc. and Current Reports on Form 8-K. The Company shall deliver to the Subscriber copies of its annual reports on Form 10-K/A, and quarterly reports on Form 10-Q/A and shall deliver to the Subscriber current reports on form 8-K within two (2) days of filing for the Term of this Agreement.

6.8 Opinion of Counsel. Subscribers shall, concurrent with the purchase of the Common Stock and accompanying Warrants pursuant to this Agreement, receive an opinion letter from Stradling Yocca Carlson & Rauth, 660 Newport Center Drive, Suite 1600, Newport Beach, CA 92660-6441, Telephone: (714) 725-4000, Facsimile: (714) 725-4100, ("Counsel"), counsel to the Company, in the form attached as Exhibit B or in such form as agreed upon by the parties, as to the Initial Tranche Closing and in the form attached as Exhibit I or in such form as agreed upon by the parties, as to any Call Closing.

6.9 Removal of Legend. The Legend shall be removed and the Company shall issue a certificate without such Legend to the holder of any Security upon which it is stamped, and a certificate for a security shall be originally issued without the Legend, if, (a) the sale of such Security is registered under the Act, or (b) such holder provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions (the reasonable cost of which shall be borne by the Company), to the effect that a public sale or transfer of such Security may be made without registration under the Act, or (c) such holder provides the Company with reasonable assurances that such Security can be sold pursuant to Rule 144. Each Subscriber agrees to sell all Securities, including those represented by a certificate(s) from which the Legend has been removed, or which were originally issued without the Legend, pursuant to an effective registration statement and to deliver a prospectus in connection with such sale or in compliance with an exemption from the registration requirements of the Act.

6.10 Listing. Subject to the remainder of this Section 6.10, the Company shall ensure that its shares of Common Stock (including all Warrant Shares) are listed and available for trading on the Nasdaq Small Cap Market ("NASDAQ"). Thereafter, the Company shall (i) use its best efforts to continue the listing and trading of its Common Stock on the NASDAQ, or on the Nasdaq National Market System ("NMS"), the New York Stock Exchange ("NYSE"), or the American Stock Exchange ("AMEX") or any other national exchange or over-the-counter market system; and (ii) comply in all material respects with the Company's reporting, filing and other obligations under the By-Laws or rules of the National Association of Securities Dealers ("NASD") and such exchanges, as applicable.

6.11 The Company's Instructions to Transfer Agent. The Company will instruct the Transfer Agent of the Common Stock to issue certificates, registered in the name of each Subscriber or its nominee, for the Common Shares and Warrant Shares in such amounts as specified from time to time by the Company upon the Initial Tranche Closing, any exercise by the Company of a Call for Proceeds and exercise of the Warrants. Such certificates shall bear a Legend only to the extent permitted by Section 6.9 hereof and the Company shall use its reasonable best efforts to cause the Transfer Agent to issue such certificates without a Legend, except for the Initial Tranche Shares until such Initial Tranche Shares are registered for resale under the Act. Nothing in this Section shall affect in any way each Subscriber's obligations and agreement set forth in Sections 3.3.3 or 3.3.4 hereof to resell the Securities pursuant to an effective registration statement and to deliver a prospectus in connection with such sale or in compliance with an exemption from the registration requirements of applicable securities laws. If (a) a Subscriber provides the Company with an opinion of counsel, which opinion of counsel shall be in form, substance and scope customary for opinions of counsel in comparable transactions (the reasonable cost of which shall be borne by the Company), to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from registration or (b) a Subscriber transfers Securities to an affiliate which is an accredited investor pursuant to Rule 144, the Company shall permit the transfer, and, in the case of Common Shares and Warrant Shares, promptly instruct its transfer agent to issue one or more certificates in such name and in such denomination as specified by such Subscriber. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to a Subscriber by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 6.11 will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 6.11, that a Subscriber shall be entitled, in addition to all

other available remedies, to an injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

6.12 Shareholder 20% Approval. The Company shall, at its next annual shareholder meeting, to be held no later than October 31, 1998, use its best efforts to obtain approval of its shareholders to authorize (i) the issuance of the full number of shares of Common Stock which would be issuable pursuant to this Agreement but for the Cap Amount and eliminate any prohibitions under applicable law or the rules or regulations of any stock exchange, interdealer quotation system or other self-regulatory organization with jurisdiction over the Company or any of its securities with respect to the Company's ability to issue shares of Common Stock in excess of the Cap Amount (such approvals being the "Shareholder 20% Approval").

6.13 Press Release. The Company agrees that the Subscriber shall have the right to review and comment upon any press release issued by the Company in connection with the Offering which approval shall not be unreasonably withheld by Subscriber.

7. Subscriber Covenant/Miscellaneous

7.1 Representations and Warranties Survive the Closing; Severability. Subscriber's and the Company's representations and warranties shall survive the Initial Tranche Closing and any Call Closing contemplated by this Agreement notwithstanding any due diligence investigation made by or on behalf of the party seeking to rely thereon. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

7.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Subscriber may assign Subscriber's rights hereunder, in connection with any private sale of the Common Stock of such Subscriber, so long as, as a condition precedent to such transfer, the transferee executes an acknowledgment agreeing to be bound by the applicable provisions of this Agreement in a form acceptable to the Company and provides an original copy of such acknowledgment to the Company.

7.3 Execution in Counterparts Permitted. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one (1) instrument.

7.4 Titles and Subtitles; Gender. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. The use in this Agreement of a masculine, feminine or neither pronoun shall be deemed to include a reference to the others.

7.5 Written Notices, Etc. Any notice, demand or request required or permitted to be given by the Company or Subscriber pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered personally, or by facsimile or upon receipt if by overnight or two (2) day courier, addressed to the parties at the addresses and/or facsimile telephone number of the parties set forth at the end of this Agreement or such other address as a party may request by notifying the other in writing; provided, however, that in order for any notice to be effective as to the Subscriber such notice shall be delivered and sent, as specified herein, to all the addresses and facsimile telephone numbers of the Subscriber set forth at the end of this Agreement or such other address and/or facsimile telephone number as Subscriber may request in writing .

7.6 Expenses. Except as set forth in the Registration Rights Agreement, each of the Company and Subscriber shall pay all costs and expenses that it respectively incurs, with respect to the negotiation, execution, delivery and performance of this Agreement.

7.7 Entire Agreement; Written Amendments Required. This Agreement, including the Exhibits attached hereto, the Common Stock certificates, the Warrants, the Registration Rights Agreement, the Escrow Agreement, and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

7.8 Arbitration. Any controversy or claim arising out of or related to the Transaction Documents or the breach thereof, shall be settled by binding arbitration in Wilmington, Delaware in accordance with the Expedited Procedures (Rules 53-57) of the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). A proceeding shall be commenced upon written demand by Company or any Subscriber to the other. The arbitrator(s) shall enter a judgment by default against any party, which fails or refuses to appear in any properly noticed arbitration proceeding. The proceeding shall be conducted by one (1) arbitrator, unless the amount alleged to be in dispute exceeds two hundred fifty thousand dollars ($250,000), in which case three (3) arbitrators shall preside. The arbitrator(s) will be chosen by the parties from a list provided by the AAA, and if they are unable to agree within ten (10) days, the AAA shall select the arbitrator(s). The arbitrators must be experts in securities law and financial transactions. The arbitrators shall assess costs and expenses of the arbitration, including all attorneys' and experts' fees, as the arbitrators believe is appropriate in light of the merits of the parties' respective positions in the issues in dispute. Each party submits irrevocably to the jurisdiction of any state court sitting in Wilmington, Delaware or to the United States District Court sitting in Delaware for purposes of enforcement of any discovery order, judgment or award in connection with such arbitration. The award of the arbitrator(s) shall be final and binding upon the parties and may be enforced in any court having jurisdiction. The arbitration shall be held in such place as set by the arbitrator(s) in accordance with Rule 55.

Although the parties, as expressed above, agree that all claims, including claims that are equitable in nature, for example specific performance, shall initially be prosecuted in the binding

arbitration procedure outlined above, if the arbitration panel dismisses or otherwise fails to entertain any or all of the equitable claims asserted by reason of the fact that it lacks jurisdiction, power and/or authority to consider such claims and/or direct the remedy requested, then, in only that event, will the parties have the right to initiate litigation respecting such equitable claims or remedies. The forum for such equitable relief shall be in either a state or federal court sitting in Wilmington, Delaware. Each party waives any right to a trial by jury, assuming such right exists in an equitable proceeding, and irrevocably submits to the jurisdiction of said Delaware court. Delaware law shall govern both the proceeding as well as the interpretation and construction of the Transaction Documents and the transaction as a whole.

8. Subscription and Wiring Instructions; Irrevocability.

8.1 Subscription

(a) Wire transfer of Subscription Funds. Subscriber shall send this signed Agreement by facsimile to the Placement Agent at (770) 640-7150, and send the subscription funds (as payment towards any Initial Tranche Purchase Amount or any Call Dollar Amount) by wire transfer, to the Escrow Agent as follows:

First Union National Bank - Atlanta
ABA No. 053000219
Account No. 465946
Attn: Sabrina Fuller
Reference: Techniclone Corporation #3072238563
Telephone No.: (404) 827-7352

SWIFT Code: FUNBUS33

(b) Irrevocable Subscription. Subscriber hereby acknowledges and agrees, subject to the provisions of any applicable laws providing for the refund of subscription amounts submitted by Subscriber, that this Agreement is irrevocable and that Subscriber is not entitled to cancel, terminate or revoke this Agreement or any other agreements executed by such Subscriber and delivered pursuant hereto, and that this Agreement and such other agreements shall survive the death or disability of such Subscriber and shall be binding

upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns. If the Securities subscribed for are to be owned by more than one person, the obligations of all such owners under this Agreement shall be joint and several, and the agreements, representations, warranties and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his heirs, executors, administrators, successors, legal representatives and assigns. Notwithstanding the foregoing, (i) if the conditions to Closing are not satisfied or (ii) if the Disclosure Documents are discovered prior to Closing to contain statements which are materially inaccurate, or omit statements of material fact, Subscriber may revoke or cancel this Agreement.

(c) Company's Right to Reject Subscription. Subscriber understands that this Agreement is not binding on the Company until the Company accepts it. This Agreement shall be accepted by the Company when the Company countersigns this Agreement. Subscriber hereby confirms that the Company has full right in its sole discretion to accept or reject the subscription of Subscriber, in whole or in part, provided that, if the Company decides to reject such subscription, the Company must do so promptly and in writing. In the case of rejection, the Company will promptly return any rejected payments and (if rejected in whole) copies of all executed subscription documents (including without limitation this Agreement) to Subscriber. In the event of rejection, no interest will be payable by the Company to Subscriber on any return of payment, provided however, that any such interest accrued on such funds in the Escrow Account shall be returned to the Subscriber by the Escrow Agent.

8.2 Acceptance of Subscription. Ownership of the number of securities being purchased hereby will pass to Subscriber upon the Initial Tranche Closing or any Call Closing.

8.3 [Intentionally Omitted]

9. Indemnification.

In consideration of the Subscriber's execution and delivery of the Subscription Agreement, the Registration Rights Agreement, the Escrow Agreement and the Warrants (the "Transaction Documents") and acquiring the Securities thereunder and in addition to all of the Company's other obligations under the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless Subscriber and the Placement Agent and all of their stockholders, officers, directors, employees and direct or indirect investors and any of the foregoing person's agents, members, partners or other representatives (including, without limitation, those retained in

connection with the transactions contemplated by this Agreement) (collectively, the "Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorney's fees and disbursements (the "Indemnified Liabilities"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in the Transaction Documents or any other certificate, instrument or documents contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, or (c) any cause of action, suit or claim, derivative or otherwise, by any shareholder of the Company based on a breach or alleged breach by the Company or any of its officers or directors of their fiduciary or other obligations to the shareholders of the Company.

To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which it would be required to make if such foregoing undertaking was enforceable which is permissible under applicable law.

Promptly after receipt by an Indemnified Party of notice of the commencement of any action pursuant to which indemnification may be sought, such Indemnified Party will, if a claim in respect thereof is to be made against the other party (hereinafter "Indemnitor") under this Section 9, deliver to the Indemnitor a written notice of the commencement thereof and the Indemnitor shall have the right to participate in and to assume the defense thereof with counsel reasonably selected by the Indemnitor, provided, however, that an Indemnified Party shall have the right to retain its own counsel, with the reasonably incurred fees and expenses of such counsel to be paid by the Indemnitor, if representation of such Indemnified Party by the counsel retained by the Indemnitor would be inappropriate due to actual or potential conflicts of interest between such Indemnified Party and any other party represented by such counsel in such proceeding. The failure to deliver

written notice to the Indemnitor within a reasonable time of the commencement of any such action, if prejudicial to the Indemnitor's ability to defend such action, shall relieve the Indemnitor of any liability to the Indemnified Party under this Section 9, but the omission to so deliver written notice to the Indemnitor will not relieve it of any liability that it may have to any Indemnified Party other than under this Section 9 to the extent it is prejudicial.

10. Certain Additional Legends and Information.

FOR FLORIDA RESIDENTS:

THE SECURITIES REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF THE FLORIDA SECURITIES ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL FLORIDA RESIDENTS SHALL HAVE THE PRIVILEGE OF VOIDING THE PURCHASE WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH SUBSCRIBER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH SUBSCRIBER, WHICHEVER OCCURS LATER.

FOR MAINE RESIDENTS:

THESE SECURITIES ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE BANK SUPERINTENDENT OF THE STATE OF MAINE UNDER SECTION 10502(2)(R) OF TITLE 32 OF THE MAINE REVISED STATUTES. THESE SECURITIES MAY BE DEEMED RESTRICTED SECURITIES AND AS SUCH THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS PURSUANT TO REGISTRATION UNDER STATE OR FEDERAL SECURITIES LAWS OR UNLESS AN EXEMPTION UNDER SUCH LAWS EXISTS.

FOR PENNSYLVANIA RESIDENTS:

EACH PENNSYLVANIA RESIDENT WHO SUBSCRIBES FOR THE

SECURITIES BEING OFFERED HEREBY AGREES NOT TO SELL THESE SECURITIES FOR A PERIOD OF TWELVE MONTHS AFTER THE DATE OF PURCHASE UNLESS SUCH SECURITIES HAVE BEEN REGISTERED FOR SALE. UNDER PROVISION OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (THE "1972 ACT"), EACH PENNSYLVANIA RESIDENT SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY, TO THE SELLER, UNDERWRITER (IF ANY) OR ANY PERSON, WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO WRITTEN BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. TO ACCOMPLISH THIS WITHDRAWAL, A SUBSCRIBER NEED ONLY SEND A LETTER OR TELEGRAM TO THE SELLING AGENT AT THE ADDRESS SET FORTH IN THE TEXT OF THE MEMORANDUM, INDICATING HIS OR HER INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED. IF THE REQUEST IS MADE ORALLY (IN PERSON OR BY TELEPHONE, TO THE SELLING AGENT AT THE NUMBER LISTED IN THE TEXT OF THE MEMORANDUM) A WRITTEN CONFIRMATION THAT THE REQUEST HAS BEEN RECEIVED SHOULD BE REQUESTED.

FOR NEW HAMPSHIRE RESIDENTS:

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS

TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

[INTENTIONALLY LEFT BLANK]

11. Number of Initial Tranche Shares, Initial Tranche Share Price and Initial Tranche Purchase Amount. Subscriber subscribes for 2,036,363 shares of Common Stock (in the amount of $1.375 per Share) and the accompanying Warrants against payment by wire transfer in the amount of $2,800,000 ("Initial Tranche Purchase Amount").

12. Accredited Investor. Subscriber is an "accredited investor" because (check all applicable boxes):

(a) [X] it is an organization described in Section 501(c)(3) of the Internal Revenue Code, or a corporation, limited duration company, limited liability company, business trust, or partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

(b) [ ] any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment.

(c) [ ] a natural person, who

[ ] is a director, executive officer or general partner of the issuer of the securities being offered or sold or a director, executive officer or general partner of a general partner of that issuer.

[ ] has an individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeding $1,000,000.

[ ] had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

(d) [ ] an entity each equity owner of which is an entity described in a - b above or is an individual who could check one (1) of the last three (3) boxes under subparagraph (c) above.

(e) [ ] other [specify] _____

The undersigned acknowledges that this Agreement and the subscription represented hereby shall not be effective unless accepted by the Company as indicated below.

IN WITNESS WHEREOF, the undersigned Subscriber does represent and certify under penalty of perjury that the foregoing statements are true and correct and that Subscriber by the following signature(s) executed this Agreement.

Dated this 16 day of June, 1998.

/s/ Joan L. Thompson /s/Sherrill Fletscher	The Tail Wind Fund Ltd
Your Signature	PRINT EXACT NAME IN WHICH YOU WANT THE SECURITIES TO BE REGISTERED
Joan L. Thompson Sherrill Pletscher	SECURITY DELIVERY INSTRUCTIONS:
Name: Please Print	Please type or print address where your security is to be delivered
Brighton Holdings Limited as Sole Director	ATTN: D Freedman, Bishop Rosen & Co.
Title/Representative Capacity (if applicable)	
The Tail Wind Fund Ltd	111 Broadway
Name of Company You Represent (if applicable)	Street Address
Nassau, Bahamas	New York 10006
Place of Execution of this Agreement	City, State or Province, Country, Offshore Postal Code
NOTICE DELIVERY INSTRUCTIONS: Please print address where any Notice is to be delivered	WITH A COPY DELIVERED TO: Please print address where Copy is to be delivered

ATTN: S. Pletscher	ATTN: D. Crook / EASI
Windermere House, 404 east bay Street	4th Floor, 1 Regent Street
Street Address	Street Address
Nassau, Bahamas	London SWIY
City, State or Province, Country, Offshore Postal Code	City, State or Country, Offshore Postal Code
Telephone:	Telephone:
Facsimile:	Facsimile:
Facsimile:	Facsimile:

THIS AGREEMENT IS ACCEPTED BY THE COMPANY IN THE AMOUNT OF 80%/16 million ON THE ____ DAY OF _____, 1998.

Techniclone Corporation
By: /s/ Elizabeth A. Gorbett-Frost
Name: Elizabeth A. Gorbett-Frost
Title: Chief Financial Officer
Address: Techniclone Corporation
14282 Franklin Avenue
Tustin, CA 92780
Telephone No. (714) 508-6000
Facsimile No. (714) 838-4094

11. Number of Initial Tranche Shares, Initial Tranche Share Price and Initial Tranche Purchase Amount. Subscriber subscribes for 509,091 shares of Common Stock (in the amount of $1.375 per Share) and the accompanying Warrants against payment by wire transfer in the amount of $700,000 ("Initial Tranche Purchase Amount").

12. Accredited Investor. Subscriber is an "accredited investor" because (check all applicable boxes):

(a) [X] it is an organization described in Section 501(c)(3) of the Internal Revenue Code, or a corporation, limited duration company, limited liability company, business trust, or partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

(b) [ ] any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment.

(c) [ ] a natural person, who

[ ] is a director, executive officer or general partner of the issuer of the securities being offered or sold or a director, executive officer or general partner of a general partner of that issuer.

[ ] has an individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeding $1,000,000.

[ ] had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

(d) [ ] an entity each equity owner of which is an entity described in a - b above or is an individual who could check one (1) of the last three (3) boxes under subparagraph (c) above.

(e) [ ] other [specify] _____

The undersigned acknowledges that this Agreement and the subscription represented hereby shall not be effective unless accepted by the Company as indicated below.

IN WITNESS WHEREOF, the undersigned Subscriber does represent and certify under penalty of perjury that the foregoing statements are true and correct and that Subscriber by the following signature(s) executed this Agreement.

Dated this 17 day of June, 1998.

/s/ M. Mandel	Resonance Limited
Your Signature	PRINT EXACT NAME IN WHICH YOU WANT THE SECURITIES TO BE REGISTERED
M. Mandel	SECURITY DELIVERY INSTRUCTIONS:
Name: Please Print	Please type or print address where your security is to be delivered
	ATTN: c/o ISAC Securities
Title/Representative Capacity (if applicable)	
	310 Madison Ave., Suite 503
Name of Company You Represent (if applicable)	Street Address
	New York, NY 10017
Place of Execution of this Agreement	City, State or Province, Country, Offshore Postal Code
NOTICE DELIVERY INSTRUCTIONS: Please print address where any Notice is to be delivered	WITH A COPY DELIVERED TO: Please print address where Copy is to be delivered

ATTN: Moe Bodner, c/o ISAC Securities	ATTN: Peregrine Corporate Services LTD.
310 Madison Avenue	Burleigh Manor Peel Road
Street Address	Street Address
New York, NY 10017	Douglas, Isle of Man, 1M2SEP, British Isles
City, State or Province, Country, Offshore Postal Code	City, State or Country, Offshore Postal Code
Telephone:	Telephone:
Facsimile:	Facsimile:
Facsimile:	Facsimile:

THIS AGREEMENT IS ACCEPTED BY THE COMPANY IN THE AMOUNT OF 20% / $4 million ON THE ____ DAY OF _____, 1998.

Techniclone Corporation
By: /s/ Elizabeth A. Gorbett-Frost
Name: Elizabeth A. Gorbett-Frost
Title: Chief Financial Officer
Address: Techniclone Corporation
14282 Franklin Avenue
Tustin, CA 92780
Telephone No. (714) 508-6000
Facsimile No. (714) 838-4094

EXHIBIT 23.2

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Techniclone Corporation (the Company) on Form S-3 of our report dated June 15, 1998, except for Note 12, as to which the date is July 17, 1998 (which expresses an unqualified opinion and includes an explanatory paragraph regarding substantial doubt about the Company's ability to continue as a going concern), appearing in the Annual Report on Form 10-K of Techniclone Corporation for the year ended April 30, 1998 and to the reference to us under the heading "Experts" in the Prospectus, which is a part of this Registration Statement.

/s/ DELOITTE & TOUCHE LLP

Costa Mesa, California

April 30, 1999