



January 8, 2002

Peregrine Pharmaceuticals Announces Formation of Contract Manufacturing Subsidiary Avid Bioservices Inc.

TUSTIN, Calif., Jan 8, 2002 (BW HealthWire) --

Wholly Owned Subsidiary to Provide Biologics Manufacturing and Product
Development Services to Biotechnology Industry

Peregrine Pharmaceuticals Inc. (Nasdaq:PPHM) today announced that it has formed Avid Bioservices Inc. as a wholly owned subsidiary.

Avid will provide contract services for biopharmaceutical and biotechnology businesses including manufacturing of products under current Good Manufacturing Practices (cGMP), cell culture, process development, and testing of biologics. Avid will operate in facilities adjacent to Peregrine's Tustin facility.

Avid will utilize mammalian cell culture ranging from 30 liter to 300 liter scale of production and will focus on two innovative biopharmaceutical segments: monoclonal antibodies and recombinant proteins. The company will provide complete services from process development to full-scale manufacturing, purification and packaging, plus a full range of analytical services and regulatory support.

For more information on Avid, visit its Web site at www.avidbio.com.

The biotechnology and biopharmaceutical industries are currently facing a worldwide shortage of manufacturing facilities for monoclonal antibodies and other recombinant proteins.

Based on the number of non-monoclonal antibodies biopharmaceutical companies currently have in the pipeline, industry experts estimate that over the next three to five years, manufacturing capacity will fall short by two to three times what is required. The current shortfall is even more severe for monoclonal antibodies, where the requirement is likely to be five to six times current capacity.

There is a critical need for increased manufacturing capacity or many of these potential new and life-saving biological drugs will be significantly delayed. Due to the cost and time required to build new manufacturing facilities and the expertise required to manage operations, an increasing number of companies are switching from in-house manufacturing to outsourcing with contract manufacturing facilities.

In order to form the subsidiary, Peregrine's cGMP manufacturing facility, process development and quality control research labs and office space have been transferred to Avid. Approximately 20 of Peregrine's 32 staff have also been transferred to Avid. Peregrine will assign its existing contract manufacturing agreement with Medipharm Biotech of Shanghai, China to the new subsidiary.

"We are very excited about the formation of Avid," said Steven King, the newly appointed president of Avid Bioservices. "There is a significant unmet need for the cGMP manufacture of biologics for the biotechnology and biopharmaceutical industries.

"Because of our highly trained staff and our state-of-the-art facility, we believe we have the opportunity to quickly transition our facility into a stand-alone business capable of providing a variety of services to the industry.

"We feel that this is an excellent opportunity to leverage one of Peregrine's key assets: its manufacturing facility and in-house expertise in the area of manufacturing biologics under cGMP, in order to add a tremendous amount of shareholder value."

King had been with Peregrine since 1997 and served as the vice president of technology and product development, responsible for the operation of the company's manufacturing operations. Paul Lytle was appointed chief financial officer of Avid and he will continue to serve as Peregrine's vice president of finance. K.A. Ajit Simh was appointed vice president of regulatory and quality systems.

Simh has more than 20 years of experience in the pharmaceutical manufacturing industry. Richard Richieri was appointed vice president of manufacturing of Avid after working with Peregrine since 1996 and most recently served as the director of manufacturing. Missag Parseghian, Ph.D. was named director of Avid's analytical method development.

Parseghian had been with Peregrine since 1997 and most recently served as the associate director of research and development.

"Avid will operate as an independent, wholly owned subsidiary of Peregrine Pharmaceuticals," said Edward Legere, president and CEO of Peregrine Pharmaceuticals. "Avid has fully dedicated staffing and physical resources which will be used to ensure it can meet the demands and expectations of its clients, which will include Peregrine.

"Peregrine will focus its resources on the clinical development of its Cotara™ and Oncolym® programs as well the pre clinical development of its Vasopermeation Enhancement Agent and naked Vascular Targeting Agent programs. I am confident that the management team that has been put in place at Avid will develop it into a successful, profitable business."

About Peregrine Pharmaceuticals

Peregrine Pharmaceuticals is a biopharmaceutical company focused on the development, commercialization, and licensing of unique technologies for the treatment of cancer, primarily based on its "collateral targeting technologies." These technologies target cell structures and cell types that are common among solid tumor cancers, giving them broad applicability across various tumor types.

In clinical and pre-clinical studies, collateral targeting technologies have been shown to deliver various anti-cancer compounds selectively to the tumor site without causing damage to surrounding healthy tissue.

Peregrine has three collateral targeting technologies: Tumor Necrosis Therapy (TNT), Vasopermeation Enhancement Agents (VEA), and Vascular Targeting Agents (VTA).

The company's lead anti-cancer drug, Cotara™, is currently in a multicenter Phase II clinical study for the treatment of brain cancer and in four Phase I clinical studies for the treatment of colorectal, pancreas, liver, soft tissue sarcoma and biliary cancers.

The company recently finalized a Cotara Phase III brain cancer study design with the FDA and expects to enroll patients under this protocol in the first quarter of 2002. Cotara has received fast track and orphan drug status from the FDA.

The company also has a direct tumor targeting agent called Oncolym® for the treatment of advanced non-Hodgkin's B-cell Lymphoma which is currently in a multi-center Phase I/II. Copies of Peregrine news releases, SEC filings, current price quotes and other valuable information for investors may be found on the Web site <http://www.peregrineinc.com>.

Safe Harbor Statement: This release may contain certain forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual events or results may differ from the company's expectations as a result of risk factors discussed in Peregrine's reports on file with the U.S. Securities and Exchange Commission, including, but not limited to, the company's report on Form 10-K for the year ended April 30, 2001 and on Form 10-Q for the quarter ended Oct. 31, 2001.

CONTACT: Susan E. Atkins & Associates
Alex Boese (media), 858/860-0266
aboese@irpr.com
or
Hawk Associates Inc.
Frank Hawkins (investors), 800/987-8256
<http://www.hawkassociates.com>

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