May 11, 2004

Peregrine Pharmaceuticals Provides Company Update

TUSTIN, Calif., May 11 /PRNewswire-FirstCall/ -- Steve King, president and CEO of Peregrine Pharmaceuticals (Nasdaq: PPHM), today issued the following update on the company and its fiscal year 2004 highlights.

During the past 12 months, we have focused our efforts towards vascular targeting and the development of therapeutics targeted to or acting on aberrant blood vessels for the treatment of cancer and ocular diseases while we continued the development of our Cotara™ program. We believe this new research and development focus, in combination with our broad intellectual property position in these areas, will position the company to become a leader in the development of vascular therapeutics.

A number of important company milestones have been met over the past year in connection with this new focus. We received over $23 million in net proceeds during fiscal year 2004 from the sale of equity securities which allowed us to continue moving our lead Anti-Phospholipid Therapy (APT) agent, Tarvacin™, closer toward clinical trials. We also entered into research collaborations in the Vascular Targeting Agent (VTA) and anti-angiogenesis therapeutic areas to create future clinical candidates and to expand our product pipeline. Our broad patents and patent applications should allow us to develop a number of products while providing the opportunity to out-license our broad intellectual property in areas not being developed by Peregrine. The funding also allowed us to continue clinical development of our lead Tumor Necrosis Therapy (TNT) agent Cotara™ at Stanford University Medical Center, while we continue to seek a development partner or grant support for the FDA approved registration trial in brain cancer. A TNT-based agent similar to Cotara™ was approved in China for the treatment of lung cancer this past fiscal year, further indicating the potential of the program. Our always- active intellectual property, scientific programs and partnerships led to the issuance of six new patents, eight publications in scientific journals and 10 presentations at scientific meetings. Our wholly owned subsidiary, Avid Bioservices, Inc. has continued to grow its customer base in addition to receiving repeat business from existing customers while providing critical product development support for Peregrine.

Fiscal Year 2004 highlights included:

Capital Raising

We were able to take advantage of an improved stock price during most of fiscal year 2004 to raise enough cash to fund operations over the past year and to expand our cash on hand position to $14.9 million as of April 30, 2004 compared to $3.1 million at April 30, 2003. Our corporate goal as we move forward is to maintain sufficient cash on hand at all times to fund anticipated operations for at least 12 months. In order to increase the exposure of Peregrine to private and institutional investors and to facilitate fundraising efforts, we will begin conducting road shows to meet with institutional investors and existing shareholder groups. We are optimistic that these efforts will help us expose the Peregrine story to broader financial markets, which may support our capital raising efforts as we advance our products towards commercialization.

Anti-Phospholipid Therapy (APT)

In August 2001, we exclusively licensed a new platform technology from the University of Texas Southwestern Medical center at Dallas which we have named Anti-Phospholipid Therapy. Tarvacin™ will be our first APT compound to enter clinical trials later this year. Over the past year, we have identified the final Tarvacin™ clinical candidate, developed cGMP manufacturing processes, initiated manufacturing at Avid, recruited a Scientific Advisory Board (SAB) and started formal toxicology studies to support our Investigational New Drug (IND) application with the Food & Drug Administration (FDA). We have also completed a number of pre-clinical animal experiments using Tarvacin™ to study the safety and efficacy of the compound. In data recently presented at the American Association of Cancer Research (AACR), 3G4, the parent antibody of Tarvacin™, was shown to reduce the growth of breast cancer tumors in animal models by 60% when given alone and by 93% when given in combination with the commonly used chemotherapy drug docetaxel. This data in combination with other data presented during the year has heightened our excitement about the Tarvacin™ program. We have worked with FDA, regulatory consultants and our SAB to plan our pre-clinical program and to draft our phase I clinical trial protocol. One of our major goals for fiscal year 2005 will be to file an IND and begin clinical studies with this promising compound. We are currently on track to file our IND before the end of 2004. The University of Texas Southwestern Medical center at Dallas, with whom we have a sponsored research agreement, has also received a grant to study the use of APT agents for the treatment of viral infections and diseases, and we started a collaboration with The Foundation Fighting Blindness to study APT constructs as well as VTAs for the treatment of eye diseases.

Tumor Necrosis Therapy (TNT)

We are continuing the clinical development efforts for our lead TNT program Cotara™. We are currently treating patients in a phase I colorectal cancer trial being run at Stanford University Medical Center. This Cotara™ phase I clinical trial is designed to evaluate the safety and radiation dosimetry of a single intravenous administration of the drug by treating groups of three patients (a cohort) and following those patients for eight weeks to monitor side effects before escalating the dose and treating the next cohort of patients. Once the maximum tolerated dose for Cotara™ has been reached and verified, the company should be in a position to initiate additional safety and efficacy studies in various other solid tumor types, including lung cancer. We expect to complete the current Stanford study by the end of calendar 2004 or by early 2005.

Additional clinical studies in a number of solid tumor types are an important step toward expanding the commercial potential of Cotara™. Given the broad targeting nature of the TNT targeting platform, we believe that the technology will have broad applicability for the treatment of many tumor types. Evidence of the potential for Cotara™ was illustrated this year with positive results reported for TNT based compounds. A TNT compound developed in China by MediPharm received marketing approval for the treatment of lung cancer. The rights to this compound were obtained from Peregrine under a licensing agreement with Cancer Therapeutics, Inc. Highlights of the data provided by MediPharm included a 34% overall response rate and an 87% disease control rate (stable disease plus overall response rate). In clinical data published this year from a phase I clinical trial at the Mayo Clinic, Cotara™ demonstrated excellent potential to be an effective combination therapy with radiofrequency ablation.

We have approval from the FDA to initiate a product registration trial for advanced brain cancer. The trial has been postponed until we have a development partner or grant support for the program. Commencing the Cotara™ brain cancer registration study remains a high priority for Peregrine. While we continue to look for a partner and or seek other sources of funding, we believe that treating other solid tumor types, such as lung cancer, should increase the commercial potential of the product. In addition to the promising results with radiolabeled TNT antibodies, data was published and presented this year indicating the potential of TNT antibodies to deliver cytokines and diagnostic agents for the treatment and diagnosis of cancer. TNT targeted cytokines are being developed by Merck KGaA under a license from Peregrine.

Business Development

We currently have active discussions, evaluations and negotiations around several of our technologies. These discussions concern various parts of the company's technology base including basic freedom to operate under our broad VTA patent portfolio as well as various clinical and pre-clinical programs. Of particular importance this year was the issuance of a key broad patent in Europe covering VTAs that target tumor blood vessels and deliver therapeutic or diagnostic agents. This patent significantly strengthened our patent position in the VTA field, providing additional protection to our VTA licensing partners, Schering AG and SuperGen, Inc. The issuance of this patent also should strengthen our position in future negotiations. We believe some of our current discussions with biotechnology and pharmaceutical companies will result in licensing agreements or partnerships during the upcoming year.

One of the key focus areas for this past year was to enter into development and licensing agreements to bring technologies and clinical candidates into the company which diversify our product pipeline outside radiopharmaceuticals. The critical step in this diversification was to increase the research and development focus of the company towards Anti- Phospholipid Therapy and Vascular Targeting Agents and to build a robust pipeline of product candidates that we can enter into the clinic over the next several years. Examples of these strategic development agreements included alliances with Aeres Biomedical, Affitech and Philogen. We have already seen early success from these collaborations and hope to identify clinical candidates from these collaborations during the upcoming year.

Avid

During the past 12 months, we have had discussions with several parties interested in either partnering or acquiring Avid. Given our anticipated drug development plans over the next several years, we believe maintaining our own facility will result in significant cost savings. Such savings must be considered when reviewing a proposal to partner or sell Avid. This inherent value has led us, for the time being, to stop actively looking to sell or partner Avid and to focus on the expansion of Avid's capabilities.

Avid has continued to grow its customer base and has seen repeat business from existing customers. This is in addition to providing substantial services to Peregrine necessary to move its clinical and pre-clinical programs forward. We expect to see an increase in revenues during the upcoming year, in addition to providing Peregrine with a number of cGMP manufacturing runs and process science services during the same time period. Avid has built a solid reputation in the contract manufacturing industry, and it will continue to provide the highest level of service to it customers. In order to expand Avid's capabilities to better serve our current and future clients, we added a dedicated cell-banking suite during the last year, and we are expanding our manufacturing capacity with the addition of a 1,000 liter bioreactor. The 1,000 liter bioreactor is scheduled to be operational by late summer. Based on our surveys of the market, we are optimistic that it could generate significant revenue for

Avid.

The Outlook

The outlook for Peregrine is exciting. Our main goal is to continue to advance our various technologies through the clinical trial process and to consummate long-term relationships for our various advanced clinical programs. We intend to identify a new clinical candidate every year and to either move these programs into clinical trials ourselves or to partner the technologies for development. This should allow us to build a robust and dynamic pipeline of drugs. We believe a rich pipeline along with consistent development of clinical programs is the key to building shareholder value at Peregrine. As we move our business plans forward, we believe we will gain significant exposure for our technologies and awareness of our company in the industry. We look forward to a successful fiscal year 2005.

About Peregrine Pharmaceuticals, Inc.

Peregrine's research and development efforts focus on discovering and developing products that affect blood flow to tumors. Peregrine's vascular research programs fall under several different proprietary platforms including Anti-Phospholipid Therapy (APT), Vascular Targeting Agents (VTAs), anti- Angiogenesis and Vasopermeation Enhancement Agents (VEAs). The company has research collaborations with pharmaceutical and biotechnology companies to develop its VTA platform for therapeutic and diagnostic applications and expects to enter its first APT compound into clinical trials for cancer therapy during calendar year 2004.

Peregrine's vascular agents may also have applications in other angiogenesis-dependent diseases besides cancer such as diabetes, arthritis, skin disorders and eye diseases. Peregrine currently has exclusive rights to over 190 U.S. and foreign patents and patent applications that broadly cover its vascular programs. In addition, the company is currently evaluating its proprietary targets for use in treating non-angiogenesis dependent diseases such as viral infections. The company believes that the pre-clinical data generated by the company and the broad nature of its intellectual property may provide many opportunities for product development, partnering and licensing.

Peregrine's most clinically advanced therapeutic program is based on a targeting platform outside vascular biology. This technology platform is known as Tumor Necrosis Therapy (TNT) and targets dead or dying tumor cells that are common to the majority of different tumor types. Cotara™, the most clinically advanced TNT program, is currently in a Phase I clinical trial for the treatment of colorectal carcinoma at Stanford University Medical Center. In addition, we have received protocol approval from the U.S. Food and Drug Administration ("FDA") to initiate a registration clinical study for the treatment of brain cancer. The company is currently seeking a development or funding partner to move the brain cancer program forward. The company believes that continuing the clinical development of Cotara™ in tumor types other than brain cancer will add significant value t the program. The company has a research collaboration to develop immunocytokines based on the TNT platform and a TNT-based agent has been developed and approved for the treatment of lung cancer in China under a licensing agreement.

The company also operates a cGMP contract manufacturing facility for monoclonal antibodies and recombinant proteins through its wholly owned subsidiary Avid Bioservices, Inc. (http://www.avidbio.com). Avid produces clinical trial materials to support Phase I through phase III clinical trials for biotechnology companies including Peregrine. Copies of Peregrine press releases, SEC filings, current price quotes and other valuable information for investors may be found on the website 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, Peregrine's report on Form 10-Q for the quarter ended January 31, 2004 and on Form 10-K for the year ended April 30, 2003.

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