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Defense Threat Reduction Agency Halts Contract Negotiations With Peregrine Pharmaceuticals as It Suffers $100 Million Cut in FY 2008 Budget for Its Transformational Medical Technologies Initiative (TMTI) Program

- Agency Confirms Its Continuing Interest in Peregrine's Anti-PS Technology for Biodefense Applications -

TUSTIN, Calif., Dec 14, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Peregrine Pharmaceuticals, Inc. (Nasdaq: PPHM), a clinical stage biopharmaceutical company developing monoclonal antibodies for the treatment of cancer and hepatitis C virus (HCV) infection, today announced the sudden termination of its negotiations to finalize a contract award with the Defense Threat Reduction Agency (DTRA) of the U.S. Department of Defense (DOD) as a result of Congressional budget cuts. These cuts dramatically reduced the program funds available for grants from DTRA's Transformational Medical Technologies Initiative in the 2008 fiscal year. Peregrine's proposal to investigate bavituximab and other anti-phosphotidylserine (PS) antibodies as potential therapies for hemorrhagic fever virus had been selected for a tentative contract award under the Transformational Medical Technologies Initiative program. The contract was in late stages of negotiation and was expected to be signed in early 2008. In the recently passed H.R. 3222 - Department of Defense Appropriations Act, 2008, Congress eliminated $100 million in funding for the TMTI program, a major portion of its funding available for these types of projects. These cuts were enacted despite the strenuous opposition of the Bush Administration.*

"We are very disappointed and shocked at this unexpected development," said Paul J. Lytle, CFO of Peregrine. "Just two days ago, government auditors spent almost an entire day at our offices working diligently to complete their third audit needed before this contract award could be finalized. We also had recently been asked by the DTRA to accelerate the timeline for our anti-viral studies and to request additional funds under the TMTI program. It was therefore an unwelcome surprise to learn that Congress has greatly reduced funding for the TMTI program in 2008, and that as a result, this contract award is no longer feasible."

Peregrine has been informed by its contacts at the DTRA that they worked very hard to find alternative sources of funding for this project, but were unable to do so in the required timeframe. Peregrine has been encouraged to re-apply when new funding initiatives become available.

"While we are very disappointed by this sudden turn of events regarding the potential DTRA contract, it has no impact on our continuing clinical efforts including the development of bavituximab for the treatment of HCV infection and cancer," said Steven W. King, president and CEO of Peregrine. "We appreciate the continued interest expressed from the DTRA in our bavituximab program for viral hemorrhagic fevers and hope to be able to pursue other government funding opportunities when they become available. Based on recent data from our collaborators, we are more enthusiastic than ever about the potential of our anti-PS technology platform for the treatment of viral infections, and we see many potential applications in this area."

* In an October 2, 2007 statement to the Senate on the funding priorities reflected in the Department of Defense Appropriations Act, 2008 (H.R. 3222), the Office of Management and Budget of the Executive Office of the President wrote: "The Administration strongly opposes the $100 million reduction to the Transformational Medical Technology Initiative (TMTI). TMTI represents an essential element of our efforts to develop countermeasures against new biological threats, such as those that would be engineered in a laboratory or naturally occurring agents, such as pandemic viruses, that could have a catastrophic impact on our troops. The program embodies the principles in the recently signed Homeland Security Presidential Directive-18, which directs Federal agencies to undertake efforts to combat biological threats for which we do not currently have countermeasures. Funding of the program at the requested level for FY 2008 is required to maintain execution of the FY 2006 and FY 2007 innovations and to address capability gaps. A reduction of $100 million would continue to underfund this effort and dramatically reduce the potential to develop and deliver products for transition to advanced

development by the end of FY 2010."

About Peregrine Pharmaceuticals

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

Safe Harbor Statement: Statements in this press release which are not purely historical, including statements regarding Peregrine Pharmaceuticals' intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements involve risks and uncertainties including, but not limited to, the risk that the Company will not have another opportunity to apply for a DTRA or other federal contract or the risk that, if able to apply, the Company may not be successful in negotiating a contract. It is important to note that the Company's actual results could differ materially from those in any such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, uncertainties associated with completing preclinical and clinical trials for our technologies; the early stage of product development; the significant costs to develop our products as all of our products are currently in development, preclinical studies or clinical trials; obtaining additional financing to support our operations and the development of our products; obtaining regulatory approval for our technologies; anticipated timing of regulatory filings and the potential success in gaining regulatory approval and complying with governmental regulations applicable to our business. Our business could be affected by a number of other factors, including the risk factors listed from time to time in the company's SEC reports including, but not limited to, the annual report on Form 10-K for the year ended April 30, 2007 and the quarterly report on Form 10-Q for the quarter ended October 31, 2007. The company cautions investors not to place undue reliance on the forward-looking statements contained in this press release. Peregrine Pharmaceuticals, Inc. disclaims any obligation, and does not undertake to update or revise any forward-looking statements in this press release.

Contacts:
GendeLLindheim BioCom Partners
Investors
info@peregrineinc.com
(800) 987-8256

Media
Barbara Lindheim
(212) 918-4650

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http://www.peregrineinc.com