



NeoTherapeutics Updates Implementation of Strategy

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IRVINE, Calif., Oct. 7 /PRNewswire-FirstCall/ -- NeoTherapeutics Inc. (Nasdaq: NEOT) announced progress in the implementation of the strategic plan unveiled on August 20th and provided guidance on the future direction and strategy for the Company. NeoTherapeutics will hold a conference call today at 10:00 a.m. Eastern time (7:00 a.m. Pacific time) to discuss these matters. To access the call please dial 888-348-7538 approximately ten minutes prior to the scheduled start time.

Following several key changes in management in mid-August, NeoTherapeutics announced a new strategic plan and established several key objectives. Over the course of the past six weeks, the Company has achieved most of its key objectives, and has established additional objectives as part of its strategy going forward. Key accomplishments over the past six weeks include: reduction of monthly expenses to approximately \$500,000 (reduced from \$1.7 million per month during the second quarter of 2002); satisfying NASDAQ's \$1.00 minimum bid requirement, which is necessary for either a Small-Cap Market listing or continued listing on the National Market System; and, signing a co-development agreement for satraplatin, which will bring in \$2 million up-front, another \$2 million when the first patient is dosed in a phase 3 registrational study plus up to \$18 million in milestone payments. In addition, NeoTherapeutics may receive royalty payments upon the commercialization of satraplatin. All development costs, estimated to be \$30 million, will be borne by GPC. Going forward, we will continue to work to reduce our monthly expenses and focus on our plans to bring our two additional oncology drug candidates through the development process.

"With the development costs of satraplatin secured through the licensing agreement with GPC, NeoTherapeutics plans to focus its capital resources on the development of elsamitucin, our phase 2 drug for non-Hodgkin's lymphoma, and Neoquin™, our phase 1 / 2 drug for superficial bladder cancer," said Rajesh C. Shrotriya, M.D., Chairman, President and Chief Executive Officer of NeoTherapeutics. "We are also very pleased to report that we recently completed a meeting with the U.S. Food and Drug Administration regarding the clinical development plan for satraplatin. The joint development committee formed by NeoTherapeutics and GPC Biotech are now reviewing and discussing the results of our discussions with the FDA, and developing the protocols for the most expeditious development and registration of satraplatin."

"On the financial side, we have achieved our initial goal of reducing monthly expenses to approximately \$500,000 during September and we are working diligently on bringing monthly expenses below that level going forward," stated John McManus, Vice President, Strategic Planning and Finance. "We will receive \$2 million in cash through our co-development alliance with GPC Biotech. This capital has been received without the issuance of equity, and we stand to receive another \$2 million when the first patient is dosed in a registrational study of satraplatin. In addition, the agreement calls for GPC to fully fund the development of satraplatin, which means that we will not have to raise the approximately \$30 million that may be required for registrational trials that may be needed for FDA approval."

NeoTherapeutics seeks to create value for shareholders through the development of in-licensed drugs for the treatment and supportive care of cancer patients. The Company's lead drug, satraplatin, is a phase 3 oral, anti-cancer drug. Elsamitucin, a phase 2 drug, will initially target non- Hodgkin's lymphoma. Neoquin™ is being studied in the treatment of superficial bladder cancer, and may have applications as a radiation sensitizer. The Company also has a pipeline of pre-clinical neurological drug candidates for disorders such as attention-deficit hyperactivity disorder, schizophrenia, mild cognitive impairment and pain, which it is actively seeking to out-license or co-develop. For additional information visit the Company's web site at www.neot.com.

This press release may contain forward-looking statements regarding future events and the future performance of NeoTherapeutics that involve risks and uncertainties that could cause actual results to differ materially. These risks are described in further detail in the Company's reports filed with the Securities and Exchange Commission.

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