

## **Alliance Pharmaceutical Corp. Announces Termination of Agreement with Nycomed**

SAN DIEGO, CALIFORNIA; July 6, 2004 -- Alliance Pharmaceutical Corp. (OTCBB: ALLP.OB) announced today that Nycomed, its development partner for *Oxygent*<sup>™</sup> in the European Union, has provided notice that it is terminating the recently announced license agreement. The decision reached by Nycomed was based upon its interpretation of the scientific advice from the European Agency for the Evaluation of Medical Products (EMA) with regard to *Oxygent* development for European approval.

The EMA advised that blood transfusion is considered an effective treatment of blood loss with a well-documented safety profile and that adverse events such as mismatching and infection are rare, making the safety assessment between *Oxygent* and blood complex. Given that *Oxygent* would not transmit infectious agents or have the potential for mismatching of blood types, they concluded that "avoidance of blood transfusion" could be a valid clinical endpoint; however, provided the preliminary safety data from previous *Oxygent* studies, it would be necessary to demonstrate that *Oxygent* safety was comparable to that of blood transfusion. They further suggested that consideration be given to study *Oxygent* in settings where blood is not available where the risk/benefit could be more easily established.

Nycomed, in its sole discretion, concluded that such proof of safety may require a significantly larger clinical program and that such clinical development program was beyond the scope of what had been originally contemplated when it entered into the development agreement. Therefore, Nycomed notified Alliance of its decision to terminate.

Commenting on the events, Duane J. Roth, Alliance Chairman and CEO, stated, "We are obviously disappointed in Nycomed's decision and hope that our interactions with EMA will overcome the concerns that led Nycomed to opt out of the agreement."

Alliance will seek formal clarification from EMA on their scientific advice, and based upon this clarification, the Company will decide the best course of action for *Oxygent* development and provide an update at that time.

### **About ALLIANCE**

Alliance Pharmaceutical Corp, founded in 1989, is a development stage pharmaceutical company that is currently focused on developing its lead product, *Oxygent*. Alliance is currently the only company that has advanced a synthetic PFC emulsion-based oxygen therapeutic into late-stage multi-center international clinical trials in both Europe and North America. Through its wholly owned subsidiary, PFC Therapeutics, Alliance is developing *Oxygent* as a temporary red blood cell substitute, based on its proprietary PFC and surfactant technologies. The goal of the remaining clinical development program will be to seek marketing approvals for an indication to use *Oxygent* during surgery when tissues are in acute need of additional oxygen supply, and thereby decrease or avoid the need for transfusion of donor blood.

Except for historical information, the matters set forth in this release are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth herein, including the availability of funding for development, the uncertainties associated with the conduct of preclinical or clinical studies and the timing or ability to investigate scientific data. Alliance refers you to cautionary information contained in documents the Company files with the Securities and

Exchange Commission from time to time, including the last Form 10-K and Form 10-Q, and those risk factors set forth in the most recent registration statement on Form S-3 (File No. 333-72844) and Form S-4 (File No. 333-49676). Alliance is under no obligation (and expressly disclaims any obligation) to update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Corporate Communications  
Alliance Pharmaceutical Corp.  
San Diego, CA  
(858) 410-5275