

## **Alliance Pharmaceutical Corp. Restructures Recently Completed Financing**

SAN DIEGO, CALIFORNIA —September 24, 2004—Alliance Pharmaceutical Corp. (OTCBB: ALLP.OB) today announced that it has entered into definitive agreements with respect to the rescission of the agreements entered into between Alliance and certain of the investors who purchased the Company's common stock and warrants in the private placement that was closed on June 8, 2004. Concurrently, Alliance and these same investors have entered into a senior convertible note purchase agreement pursuant to which the Company will issue senior convertible promissory notes in like investment amounts to these same investors. As part of the transaction, Alliance has also agreed to file a registration statement on Form SB-2 with the Securities and Exchange Commission for the purpose of registering the resale of the common stock issuable upon conversion of such senior convertible notes. For a more complete description of the transaction and the terms of the senior convertible notes, please refer to our Current Report on Form 8-K filed September 24, 2004. You can view this 8-K at the SEC's website, <http://www.sec.gov>.

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.

Contact for further information in the U.S:

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