



NeoPharm, Inc. Announces First Quarter 2010 Financial Results and Clinical Trial Update

LAKE BLUFF, Ill., Jun 11, 2010 (BUSINESS WIRE) -- NeoPharm, Inc. (Other OTC: NEOL.PK), a publicly traded biopharmaceutical company dedicated to the research, development and commercialization of new and innovative therapeutic applications of drugs for cancer and other diseases, today announced its first quarter 2010 financial results.

"We are very pleased with the progress we continue to make with the development of our drug candidate portfolio. We recently announced that the FDA has granted orphan-drug designation for IL13-PE38QQR (IL13-PE) for the treatment of Idiopathic Pulmonary Fibrosis (IPF). IPF is the most deadly disease of the lungs in humans for which there is currently no proven effective treatment," commented Dr. Aquilur Rahman, President and Chief Executive Officer of NeoPharm. "We have also started enrolling patients in a Phase II trial for LE-DT as a frontline treatment of patients with locally advanced or metastatic pancreatic cancer. The expansion of the LEP Phase IIb trial for patients with recurrent breast cancer has already begun in India, where we will enroll an additional 35 patients to significantly increase the sample size to 70 patients."

"In addition to the new clinical trials mentioned above, we are anticipating that we will begin enrolling patients soon in another Phase II trial for LE-DT for advanced prostate cancer. We are also expecting the start of a Phase I clinical trial for IPF in the second half of 2010. This is a very exciting time for the Company as we continue to build the clinical expansion on all fronts for the various drugs in our pipeline," further commented Dr. Rahman.

First Quarter 2010 Financial Results

For the first quarter ended March 31, 2010, NeoPharm reported a net loss of \$1.4 million, or (\$0.05) per diluted share, as compared to a net loss of \$2.3 million, or (\$0.08) per diluted share, for the same period last year. The decrease in the Company's 2010 first quarter net loss is partially attributable to a decrease in general and administrative expenses as the Company continues its cost-savings initiatives in this area, and partially due to lower research and development expenses as the Company continues to ramp up its new clinical trials in 2010.

During the first quarter, the Company's cash consumption was consistent with the level of spending during the previous quarter, allocating \$1.9 million in cash to its operations, versus \$1.7 million in the fourth quarter of 2009. NeoPharm anticipates future cash consumption levels to increase consistent with the advancement and progression of its clinical trials and other preclinical development activities. The Company has \$3.1 million in cash and cash equivalents as of March 31 2010, and projects that it has adequate resources to fund its operations into the third quarter of 2010. The Company is currently reviewing the terms of various alternatives to raise additional capital to fund operations for the rest of 2010 and beyond.

About NeoPharm, Inc.

NeoPharm, Inc., based in Lake Bluff, Illinois, is a publicly traded biopharmaceutical company dedicated to the research, development and commercialization of new and innovative cancer and other drugs for therapeutic applications. Additional information can be obtained by visiting NeoPharm's web site at www.neopharm.com.

Forward Looking Statements - This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company has tried to identify such forward-looking statements by use of such words as "expects," "intends," "hopes," "anticipates," "believes," "could," "may," "evidences" and "estimates," and other similar expressions, but these words are not the exclusive means of identifying such statements. Such statements include, but are not limited to, any statements relating to the Company's strategic review of projects and operations, the Company's drug development programs, the initiation, progress and outcomes of clinical trials of the Company's drug product candidates, projections regarding cash used in operations, financial projections, and any other statements that are not historical facts. Such statements involve risks and uncertainties, including, but not limited to, those risks and uncertainties relating to difficulties or delays in financing, development, testing, regulatory approval, production, and marketing of the Company's drug compounds including, but not limited to, the Company's ability to fund and pursue additional testing of Cintredekin Besudotox and its NeoLipid drug product candidates, uncertainty regarding the outcomes of ongoing or potential clinical studies, the Company's financial guidance and projection, including but not limited to, the fact that the Company's financial statements have not been subjected to a review by the Company's independent registered accounting firm in accordance with Statement of Auditing Standards No. 100, the Company's ability to evaluate the strategic alternatives available to the Company and to cut back on its funding of certain of its development projects in order to conserve its cash resources, the ability of the Company to procure additional future sources of financing, unexpected adverse side effects or inadequate therapeutic efficacy of the Company's drug compounds, including, but not limited to, Cintredekin Besudotox and its NeoLipid drug product candidates, that could slow or prevent products coming to market, uncertainty regarding the Company's ability to market its drug products, including, but not limited to Cintredekin Besudotox and its NeoLipid drug product candidates,

the uncertainty of patent protection for the Company's intellectual property or trade secrets, and other risks of the type previously detailed in filings the Company formerly made with the Securities and Exchange Commission ("SEC"). Such statements are based on management's current expectations, but actual results may differ materially due to various factors, including those risks and uncertainties mentioned or referred to in this press release. At the Company's request, the Company's obligation to file reports with the SEC was suspended effective February 12, 2009. For the foregoing reasons, you should not rely on these forward-looking statements or on previously filed SEC reports as a prediction of actual future results.

NEOPHARM, INC.
Condensed Consolidated Statements of Operations
Three Months Ended March 31, 2010 and March 31, 2009

	Three Months Ended	
	(Unaudited)	
	March 31, 2010	March 31, 2009
Total revenue	\$ -	\$ -
Expenses:		
Research and development	813,000	1,402,000
Selling, general, and administrative	662,000	1,005,000
Gain on sale of equipment	-	(21,000)
Total Expenses	1,475,000	2,386,000
Loss from operations	(1,475,000)	(2,386,000)
Unrealized gain on auction rate securities put option	8,000	-
Interest income	92,000	133,000
Interest expense	(44,000)	-
Net loss	\$ (1,419,000)	\$ (2,253,000)
Net loss per share - basic and diluted	\$ (0.05)	\$ (0.08)
Weighted average shares outstanding - basic and diluted	28,408,482	28,498,814

Selected Balance Sheet data

	March 31, 2010	December 31, 2009
	(unaudited)	(unaudited)
Cash and cash equivalents	3,091,000	5,042,000
Investments in auction rate securities (current)	11,720,000	12,393,000
Put option on auction rate securities (current)	1,480,000	1,557,000
Total current assets	16,497,000	19,302,000
Total assets	17,358,000	20,202,000
Short-term debt: auction rate securities loan	13,200,000	13,950,000
Interest expense payable: auction rate securities loan	22,000	61,000
Total current liabilities	14,616,000	16,079,000
Long-term liabilities	40,000	39,000
Accumulated deficit	(289,332,000)	(287,913,000)
Total stockholders' equity	2,701,000	4,084,000

The interim financial information presented above has not been subjected to a review by the Company's independent registered public accounting firm.

SOURCE: NeoPharm, Inc.

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