

For Immediate Release

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CELATOR PHARMACEUTICALSSM CLOSSES \$40 MILLION FINANCING

Financing positions Celator® to expand operations in both Canada and the U.S. to advance clinical development initiatives based on the company's proprietary CombiPlexSM technology platform.

PRINCETON, NJ (May 3, 2005) – Celator Pharmaceuticals, Inc., a privately held North American biopharmaceutical company, has closed a \$40 million (U.S.) round of private equity financing with participation from several leading venture capital firms. The financing, representing one of the largest venture capital investments in biotechnology in both Canada and the United States during the past 12 months, will support Celator's expanding research and product development efforts targeting new combination chemotherapies to treat different forms of cancer.

With offices and laboratories in Princeton, New Jersey, and Vancouver, British Columbia, Celator is developing new combination chemotherapies based on the company's proprietary CombiPlex technology platform. This technology makes it possible to identify and "lock in" the precise ratio of chemotherapy agents that will produce combination therapies with significantly enhanced efficacy.

"Most cancers are treated with combinations of drugs," said Dr. Andrew Janoff, chairman and chief executive officer of Celator. "Our research has shown that the current standard used to develop these regimens is far less than optimal because it does not recognize the critical role that drug ratios play in targeting and killing cancer cells. Celator's CombiPlex technology platform positions us to develop an entirely new generation of cancer therapies that will incorporate the ideal ratios of chemotherapy agents and make it possible to maintain those ratios in the body to treat cancer more effectively."

Celator's lead product, CPX-1, is in development as a treatment for colorectal cancer. Celator is currently conducting Phase I trials for CPX-1 at the British Columbia Cancer Agency in Vancouver and at McGill University in Montreal. Another product candidate, CPX-351, is in development as a treatment for acute myeloid leukemia.

The financing includes first-time investments in Celator from Domain Associates, Quaker BioVentures and TL Ventures as well as continuing support from previous investors Ventures West, GrowthWorks Capital, and the Business Development Bank of Canada. Dr. Brenda Gavin (Quaker), Dr. Marc Ostro (TL), and Nicole Vitullo (Domain) will join Celator's Board of Directors.

"We are delighted that some of the leading venture capital investors in biotechnology today have recognized the promise of CombiPlex," added Dr. Janoff.

The financing also includes an initial investment from the Garden State Life Sciences Venture Fund, a fund managed by Quaker Bioventures in which the New Jersey Economic Development Authority (EDA) is the sole limited partner.

"We are extremely pleased to announce this initial investment, positioning Celator to advance its innovative oncopharmaceutical technology in New Jersey with financial support from our fund," said EDA chief executive officer Caren S. Franzini.

“Celator’s clinical focus and proprietary CombiPlex technology have the potential to produce significant advances in medicine that will represent major commercial opportunities. From an investment standpoint, we are very pleased to be involved with a company that offers such a broad opportunity for success,” said Ms. Vitullo, general partner at Domain Associates, co-lead investor with Quaker in the financing.

About Celator

Celator Pharmaceuticals, Inc., formerly Celator Technologies, Inc., is a privately held biopharmaceutical company working to develop new and more effective therapies to treat cancer. CombiPlex, the company’s drug ratio technology platform, represents a revolutionary new approach to the development of combination therapies designed to target cancer cells.

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