

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

NEOTHERAPEUTICS INC

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SIC: **8731** Commercial physical & biological research

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

March 9, 2001

Date of Report (Date of earliest event reported)

NEOTHERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

000-28782

93-0979187

(State or other Jurisdiction
of Incorporation)-----
(Commission
File Number)-----
(IRS Employer
Identification Number)157 TECHNOLOGY DRIVE
IRVINE, CALIFORNIA

92618

(Address of principal executive offices)-----
(Zip Code)

(949) 788-6700

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. OTHER EVENTS

On March 9, 2001, NeoTherapeutics, Inc. ("NeoTherapeutics") issued 1,250,000 shares of common stock and a warrant to purchase up to 125,000 shares of common

stock at an exercise price of \$5.00 per share to IAT ReInsurance Syndicate Ltd. for aggregate consideration of \$5,000,000. The shares and warrant were issued pursuant to an effective Registration Statement on Form S-3. The purchase price per share was based on 107% of the average of the closing prices of our common stock for the thirty trading days preceding March 8, 2001, as reported by Bloomberg L.P. The warrant is exercisable at any time until March 8, 2006, and contains customary anti-dilution provisions in the event of a stock split, stock dividend, merger, recapitalization or distribution of assets. The foregoing description is qualified in its entirety by reference to the Securities Purchase Agreement, dated as of March 8, 2001, by and between the Registrant and IAT ReInsurance Syndicate Ltd., and the warrant issued by Registrant to IAT ReInsurance Syndicate Ltd. dated as of March 8, 2001, copies of which are attached hereto as Exhibits 10.1 and 10.2, respectively.

ITEM 7. EXHIBITS

Exhibits:

- 10.1 Securities Purchase Agreement dated as of March 8, 2001, by and between Registrant and IAT ReInsurance Syndicate Ltd.
- 10.2 Warrant issued by Registrant to IAT ReInsurance Syndicate Ltd. dated as of March 8, 2001.
- 99.1 Press Release dated March 13, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NEOTHERAPEUTICS, INC.

Date: March 13, 2001

By: /s/ Samuel Gulko

Name: Samuel Gulko
Title: Chief Financial Officer

EXHIBIT INDEX

Exhibits:

- 10.1 Securities Purchase Agreement dated as of March 8, 2001, by and between Registrant and IAT ReInsurance Syndicate Ltd.
- 10.2 Warrant issued by Registrant to IAT ReInsurance Syndicate Ltd. dated as of March 8, 2001.
- 99.1 Press Release dated March 13, 2001.

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is made as March 8, 2001, by and between IAT ReInsurance Syndicate, Ltd., a Bermuda corporation (the "Purchaser"), and NeoTherapeutics, Inc., a Delaware corporation (the "Company"), whereby the parties agree as follows:

The Purchaser shall buy from the Company and the Company agrees to sell to the Purchaser: (i) 1,250,000 shares (the "Shares") of the Company's common stock, par value \$.001 per share (the "Common Stock") at a price per share of \$4.00, representing 107% of the average of the closing sale price of the Common Stock for the thirty trading days immediately preceding the date of this Agreement, and (ii) a five-year warrant (the "Warrant") to purchase up to 125,000 shares of Common Stock at a purchase price per share of \$5.00 in the form attached hereto as Exhibit A.

The Company is a corporation duly incorporated and validly existing under the laws of the State of Delaware. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and to issue and sell the Shares and the Warrant in accordance with the terms of this Agreement. The Shares and the Warrant have been duly authorized by all necessary corporate action, and, when paid for and issued in accordance with the terms of this Agreement, the Shares will be validly issued, fully paid and nonassessable.

The Shares and the Warrant are being issued and sold pursuant to a registration statement on Form S-3, File No. 333-53108, which registration statement has been declared effective by the Securities and Exchange Commission. The Company has delivered to the Purchaser and the Purchaser has reviewed a copy of the prospectus included in such registration statement and a prospectus supplement regarding the issuance and sale of the Shares and the Warrant, a copy of which is attached hereto as Exhibit B.

The Purchaser shall wire the aggregate purchase amount of \$5,000,000 to the Company to the account set forth below:

Chase Manhattan Bank, N.Y.C.
4 New York Plaza, 15th Floor
New York, NY 10004

ABA Routing No: 021 000 021
FBO: Salomon Smith Barney, Inc.
Account No. 066-198038
For further credit to: NeoTherapeutics, Inc.
Account No. 561-04051-19-103

The Company shall cause its transfer agent to transmit the Shares electronically to the Purchaser's account with the DTC set forth below:

DTC No. 0501
Account No. 41JC1209
IAT ReInsurance Syndicate Ltd.

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The Company shall deliver the Warrant to the Purchaser via overnight delivery.

Notices to the Company shall be delivered to:

NeoTherapeutics, Inc.
Attention: Samuel Gulko, Senior Vice President Finance
157 Technology Drive,
Irvine, California 92618
Facsimile: (949) 788-6706

Notices to the Purchaser shall be delivered to:

IAT ReInsurance
Attention: Bobby Moran
Spear, Leeds & Kellogg FAO
IAT ReInsurance
120 Broadway
New York, NY 10271
Facsimile: (212) 433-7292

Copy to:
Peter R. Kellogg
Spear, Leeds & Kellogg
120 Broadway
New York, NY 10271
Facsimile: (212) 433-7292

Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and shall be effective and enforceable as the original. This Agreement shall be governed and construed in accordance with the internal laws of the State of California without giving effect to the conflicts of law principles thereunder.

AGREED AND ACCEPTED:

NeoTherapeutics, Inc.

IAT ReInsurance Syndicate Ltd.

By: /s/ Samuel Gulko

By: /s/ Peter R. Kellogg

Samuel Gulko
Senior Vice President Finance

Peter R. Kellogg
President

NEOTHERAPEUTICS, INC.

WARRANT

DATED: MARCH 8, 2001

NUMBER NEOT001

NeoTherapeutics, Inc., a Delaware corporation (the "Company"), hereby certifies that, for value received, IAT REINSURANCE SYNDICATE LTD., or its registered assigns ("Holder"), is entitled, subject to the terms set forth below, to purchase from the Company up to a total of 125,000 shares of Common Stock, \$.001 par value per share (the "Common Stock"), of the Company (each such share, a "Warrant Share" and all such shares, the "Warrant Shares") at an exercise price equal to \$5.00 per share (as adjusted from time to time as provided in Section 8, the "Exercise Price"), at any time and from time to time from and after the date hereof and through and including March 8, 2006 (the "Expiration Date"), and subject to the following terms and conditions:

1. Registration of Warrant. The Company shall register this Warrant upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, and the Company shall not be affected by notice to the contrary.

2. Registration of Transfers and Exchanges.

(a) This Warrant may not be sold, transferred, assigned pledged, hypothecated or otherwise disposed, directly or indirectly, in whole or in part, without the prior written consent of the Company. Any attempted sale, transfer, assignment, pledge, hypothecation or other disposition of this Warrant, or any portion thereof, shall be void and without any force or effect; provided, however, that, subject to compliance with any applicable securities laws, the Holder may transfer this Warrant, or any portion thereof, without the prior written consent of the Company, if such transfer is to (i) a spouse, child, grandchild, parent, sibling or custodian or trustee for the benefit of any such relatives, or (ii) any shareholder or affiliate entity.

(b) The Company shall register the transfer of any portion of this Warrant in conformance with Section 2(a) in the Warrant Register, upon surrender of this Warrant, with the Form of Assignment attached hereto duly completed and signed, to the Company at the office specified in or pursuant to Section 10. Upon any such registration or transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a "New Warrant"), evidencing the portion of this Warrant so transferred shall be issued

to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance of such transferee of all of the rights and obligations of a holder of this Warrant.

(c) This Warrant is exchangeable, upon the surrender hereof by the Holder to the office of the Company specified in or pursuant to Section 10 for one or more New Warrants, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder.

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3. Duration and Exercise of Warrant.

(a) This Warrant shall be exercisable by the then registered Holder on any business day before 5:00 P.M., California time, at any time and from time to time on or after the date hereof to and including the Expiration Date. At 5:00 P.M., California time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value.

(b) Upon surrender of this Warrant, with the Form of Election to Purchase attached hereto duly completed and signed, to the Company at its address for notice set forth in Section 10 and upon payment of the Exercise Price multiplied by the number of Warrant Shares that the Holder intends to purchase hereunder, in the manner provided hereunder, all as specified by the Holder in the Form of Election to Purchase, the Company shall promptly issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate for the Warrant Shares issuable upon such exercise. Any person so designated by the Holder to receive Warrant Shares shall be deemed to have become holder of record of such Warrant Shares as of the Date of Exercise of this Warrant.

A "Date of Exercise" means the date on which the Company shall have received (i) this Warrant (or any New Warrant, as applicable), with the Form of Election to Purchase attached hereto (or attached to such New Warrant) appropriately completed and duly signed, and (ii) payment of the Exercise Price for the number of Warrant Shares so indicated by the holder hereof to be purchased.

(c) This Warrant shall be exercisable, either in its entirety or, from time to time, for a portion of the number of Warrant Shares. If less than all of the Warrant Shares which may be purchased under this Warrant are exercised at any time, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares for which no exercise has been evidenced by this Warrant.

(d) Prior to the exercise of this Warrant, the Holder shall not be entitled to any rights as a stockholder of the Company with respect to the

Warrant Shares, including (without limitation) the right to vote such shares, receive dividends or other distributions thereon or be notified of stockholder meetings (except as otherwise set forth in Section 7(f) herein).

4. Payment of Taxes. The Company will pay any documentary stamp taxes attributable to the issuance of Warrant Shares upon the exercise of this Warrant; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

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5. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and indemnity, if requested, satisfactory to it. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable charges as the Company may prescribe.

6. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other actual contingent purchase rights of persons other than the Holder. The Company covenants that all Warrant Shares that shall be so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly authorized, validly issued and fully paid and nonassessable.

7. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 7. Upon each such adjustment of the Exercise Price pursuant to this Section 7, the Holder shall thereafter prior to the Expiration Date be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of Warrant Shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

(a) If the Company, at any time while this Warrant is outstanding, (i)

shall pay a stock dividend (except scheduled dividends paid on outstanding preferred stock which contain a stated dividend rate) or otherwise make a distribution or distributions on shares of its Common Stock payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock into a larger number of shares, or (iii) combine outstanding shares of Common Stock into a smaller number of shares, the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding before such event and the denominator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination, and shall apply to successive subdivisions and combinations.

(b) In case of any reclassification of the Common Stock, any consolidation or merger of the Company with or into another person, the sale or transfer of all or substantially all of the assets of the Company or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property, then the Holder shall have the right thereafter to exercise this Warrant only into the shares of stock and other securities and property receivable upon or deemed to be held by holders of Common Stock following such

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reclassification, consolidation, merger, sale, transfer or share exchange, and the Holder shall be entitled upon such event to receive such amount of securities or property equal to the amount of Warrant Shares such Holder would have been entitled to had such Holder exercised this Warrant immediately prior to such reclassification, consolidation, merger, sale, transfer or share exchange. The terms of any such consolidation, merger, sale, transfer or share exchange shall include such terms so as to continue to give to the Holder the right to receive the securities or property set forth in this Section 7(b) upon any exercise following any such reclassification, consolidation, merger, sale, transfer or share exchange.

(c) If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to holders of this Warrant) evidences of its indebtedness or assets or rights or warrants to subscribe for or purchase any security (excluding those referred to in Sections 7(a), and (b)), other than as part of its dissolution or liquidation or the winding up of its affairs, then in each such case the Exercise Price shall be determined by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the fair market value of a share of Common Stock determined as of the record date mentioned

above, and of which the numerator shall be the fair market value of a share of Common Stock determined as of such record date less the fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of Common Stock as determined by the Company's independent certified public accountants that regularly examines the financial statements of the Company (an "Appraiser").

(d) For the purposes of this Section 7, the following clauses shall also be applicable:

- (i) Record Date. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or in securities convertible or exchangeable into shares of Common Stock, or (B) to subscribe for or purchase Common Stock or securities convertible or exchangeable into shares of Common Stock, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.
- (ii) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

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(e) All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be.

(f) If:

- (i) the Company shall declare a dividend (or any other distribution) on its Common Stock; or
- (ii) the Company shall declare a special nonrecurring cash dividend on or a redemption of its Common Stock; or
- (iii) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; or
- (iv) the approval of any stockholders of the Company shall be

required in connection with any reclassification of the Common Stock of the Company, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or

- (v) the Company shall authorize the voluntary dissolution, liquidation or winding up of the affairs of the Company,

then the Company shall cause to be mailed to each Holder at their last addresses as they shall appear upon the Warrant Register, at least 30 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up; provided, however, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

8. Payment of Exercise Price. The Holder shall pay the Exercise Price in immediately available funds by certified check or bank draft payable to the order of the Company or by wire transfer to an account designated by the Company.

9. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. The number of full Warrant Shares which shall be issuable upon the exercise of this Warrant shall be computed on the basis of the aggregate number of Warrant Shares purchasable on exercise of this Warrant so presented. If any fraction of a Warrant Share would, except for the provisions of this Section 9, be issuable on the exercise of this Warrant, the Company shall pay an amount in cash equal to the Exercise Price multiplied by such fraction.

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10. Notices. Any and all notices or other communications or deliveries hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this

Section prior to 5:00 p.m. (California time) on a business day, (ii) the business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section later than 5:00 p.m. (California time) on any date and earlier than 11:59 p.m. (California time) on such date, (iii) the business day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be: (i) if to the Company, to 157 Technology Drive, Irvine, CA 92618, Attention: Chief Financial Officer, or to facsimile no. (949) 788-6706, or (ii) if to the Holder, to the Holder at the address or facsimile number appearing on the Warrant Register or such other address or facsimile number as the Holder may provide to the Company in accordance with this Section 10.

11. Warrant Agent. The Company shall serve as warrant agent under this Warrant. The Company may appoint a new warrant agent upon notice to the Holder in accordance with Section 11. Any corporation into which the Company may be merged or any corporation resulting from any consolidation to which the Company shall be a party or any corporation to which the Company transfers substantially all of its corporate assets shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

12. Miscellaneous.

(a) This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Warrant may be amended only in writing signed by the Company and the Holder and their successors and assigns.

(b) Subject to Section 12(a), above, nothing in this Warrant shall be construed to give to any person or corporation other than the Company and the Holder any legal or equitable right, remedy or cause under this Warrant. This Warrant shall inure to the sole and exclusive benefit of the Company and the Holder.

(c) This Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of California without regard to the principles of conflicts of law thereof. The Company and the Holder hereby irrevocably submit to the exclusive jurisdiction of the state and federal courts sitting in Orange County, California, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, or that such suit, action or proceeding is improper. Each of the Company and the Holder hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by receiving a copy thereof sent to the Company at the address in effect for notices to it under this instrument and agrees that such service

shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

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(d) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(e) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

NEOTHERAPEUTICS, INC.

By: /s/ Samuel Gulko

Name: Samuel Gulko
Title: Senior Vice President,
Finance and Chief Financial
Officer

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FORM OF ELECTION TO PURCHASE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To NeoTherapeutics, Inc.:

In accordance with the Warrant enclosed with this Form of Election to Purchase, the undersigned hereby irrevocably elects to purchase _____ shares of Common Stock ("Common Stock"), \$.001 par value per share, of

NeoTherapeutics, Inc. encloses herewith \$_____ in cash, certified or official bank check or checks, which sum represents the aggregate Exercise Price (as defined in the Warrant) for the number of shares of Common Stock to which this Form of Election to Purchase relates, together with any applicable taxes payable by the undersigned pursuant to the Warrant.

The undersigned requests that certificates for the shares of Common Stock issuable upon this exercise be issued in the name of

PLEASE INSERT SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER

(Please print name and address)

If the number of shares of Common Stock issuable upon this exercise shall not be all of the shares of Common Stock which the undersigned is entitled to purchase in accordance with the enclosed Warrant, the undersigned requests that a New Warrant (as defined in the Warrant) evidencing the right to purchase the shares of Common Stock not issuable pursuant to the exercise evidenced hereby be issued in the name of and delivered to:

(Please print name and address)

Dated: _____, _____

Name of Holder:

(Print) _____

(By:) _____

(Name:)

(Title:)

(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the right represented by the Warrant enclosed with this Form of Assignment to purchase _____ shares of Common Stock of NeoTherapeutics, Inc. to which the Warrant relates and appoints _____ attorney to transfer said right on the books of NeoTherapeutics, Inc. with full power of substitution in the premises.

Dated: _____, _____

(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

Address of Transferee

In the presence of:

[NEOTHERAPEUTICS LOGO]

Contacts:

MEDIA RELATIONS

Jon Siegal

Ronald Trahan Associates (RTA) Inc.
(508) 647-9782, ext. 15

INVESTOR RELATIONS

John McManus

NeoTherapeutics, Inc.
(949) 788-6700

NEOTHERAPEUTICS COMPLETES \$5 MILLION DIRECT EQUITY PLACEMENT
WITH IAT REINSURANCE

IRVINE, Calif., March 13, 2001 -- NeoTherapeutics, Inc. (NASDAQ: NEOT; NEOTW) announced today that it raised \$5 million in a transaction negotiated last week through the placement of common stock with IAT ReInsurance Syndicate, Ltd. IAT received 1,250,000 shares of common stock calculated at 107 percent of the 30 day average price and 125,000 warrants at an exercise price of \$5 per share in this transaction, for which the Company incurred no transaction fees. The purchase brings IAT ReInsurance's holdings of NeoTherapeutics' common stock to approximately 13 percent of shares outstanding.

"IAT ReInsurance has a history of being a long-term, committed investor, and we are pleased to have the firm as a shareholder. The \$5 million we raised in this financing further increases our cash reserves in anticipation of our upcoming clinical trials in Alzheimer's disease, Parkinson's disease and spinal cord injury", stated Sam Gulko, Chief Financial Officer of NeoTherapeutics.

NeoTherapeutics is a biopharmaceutical company focused on the development of drugs for unmet medical needs. The Company's most advanced drug, Neotrofin(TM), is currently being developed for Alzheimer's disease and other neurodegenerative diseases, such as Parkinson's disease and spinal cord injury. NeoGene Technologies, Inc., a subsidiary of NeoTherapeutics, is engaged in functional genomics research. A second subsidiary, NeoOncoRx, Inc., is engaged in the development of anti-cancer drugs. NeoOncoRx's lead drug, Neoquin(TM) will shortly begin a phase 2 clinical study in patients with bladder cancer. For additional Company information, visit NeoTherapeutics' web site at www.neotherapeutics.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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