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IRS Grants for Qualifying Therapeutic Discovery Projects

The IRS' Section 48D for Qualifying Therapeutic Discovery Projects provides for grants to deserving organizations in their work in various fields of research and development. Two of such organizations that have received grants of late are Peregrine Pharmaceuticals Inc. and CombiMatrix Corporation.

Peregrine Pharmaceuticals is a clinical-stage biopharmaceutical company developing first-in-class monoclonal antibodies for the treatment of cancer and viral infections. They received a grant amounting to \$977,917 for their work in various projects that include research and treatment of patients with second-line non-small cell lung cancer, patients with front-line non-small cell lung cancer and patients co-infected with hepatitis C virus (HCV)/HIV under their Bavituximab project and the Cotara(R) project for the treatment of patients with glioblastoma multiforme (GBM). Nearly all of the grant will be disbursed immediately to Peregrine.

On the other hand, CombiMatrix Corporation received their grant of \$448,958 under the same IRS grant program. Their research work involves the Array Comparative Genomic Hybridization ("aCGH") and the

Comprehensive Cancer Array ("CCA") projects.

Grants under Section 48D for Qualifying Therapeutic Discovery Projects come from the funding allocated by the government from the Patient Protection and Affordable Care Act (ACA) passed earlier this year. So far, the Internal Revenue Service has awarded \$1 billion in grants and tax credits to a large number of small biomedical and molecular diagnostic companies.

Section 48D of the Internal Revenue Code provides for businesses with fewer than 250 employees to apply for reimbursement grants or tax credits for the tax years beginning in 2009 and /or 2010. The award payments were authorized on October 29, 2010.

Any organization that fulfills the criteria of Section 48D and has the potential to produce new therapies to treat areas of unmet medical need or prevent, detect, or treat chronic or acute diseases or conditions, reduce long-term health care costs in the United States or significantly advance the goal of curing cancer within 30 years can apply for the grant.

Pharmaceuticals Peregrine Pharmaceuticals, Inc. is a biopharmaceutical company that does work involving monoclonal antibodies in clinical trials to treat cancer and serious viral infections.

The company is producing its lead product Baviximab and novel brain cancer agent Cotara(R) under their multiple clinical programs in cancer and hepatitis C virus infection.

On the other hand, CombiMatrix Corporation is a diversified molecular diagnostics company that that researches and develops in the area of genetic analysis and molecular diagnostics through its wholly owned

subsidiary, CombiMatrix Diagnostics, Inc. (CMDX). CMDX is a diagnostics reference laboratory providing genetic and other diagnostics services to doctors, hospitals and clinics