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CELATOR® PHARMACEUTICALS RAISES \$20 MILLION IN SERIES D FINANCING

Princeton, NJ (September 1, 2010) – Celator Pharmaceuticals, a privately held pharmaceutical company developing new and more effective therapies to treat cancer based on the company’s proprietary technology, today announced that it raised \$20 million in a Series D private equity financing. Proceeds will support completion of ongoing clinical trials and activities related to advancing the company’s lead investigational product, CPX-351 (Cytarabine:Daunorubicin) Liposome Injection as a treatment for Acute Myeloid Leukemia (AML).

The round was led by a new investor, Thomas, McNerney & Partners, with participation by current investors Domain Associates, Ventures West Capital, Quaker BioVentures, TL Ventures, GrowthWorks Capital, and BDC Venture Capital.

“We are extremely pleased to attract a new investor of this caliber along with the continued support of our existing investors,” said Scott Jackson, chief executive officer, Celator Pharmaceuticals. “This financing is an endorsement of the team, products, and technology of the company. Earlier this year we announced that CPX-351 achieved a statistically significant improvement in complete remissions in newly diagnosed, elderly AML patients compared to the standard of care in a randomized Phase 2 study. We look forward to disclosing these results and other data later this year.”

In addition to Celator’s clinical stage product pipeline that includes CPX-351 and CPX-1 (Irinotecan:Floxuridine) Liposome Injection, the company has research collaborations with Cephalon and the National Cancer Institute’s Nanotechnology Characterization Laboratory.

Joining Celator’s Board of Directors is Alex Zisson, partner, Thomas, McNerney & Partners. “It’s rare to get the opportunity to invest in a cancer company that has already beaten the gold standard head-to-head in a first-line setting. We’re excited to join Celator now as it advances an important new treatment option for patients suffering from AML,” said Mr. Zisson.

About CPX-351

CPX-351 (Cytarabine:Daunorubicin) Liposome Injection represents a new approach to developing combinations of drugs in which drug molar ratios with synergistic anti-tumor activity are encapsulated in a drug delivery vehicle in order to maintain the desired ratio following administration. CPX-351 has been granted orphan drug status by the U.S.

Food & Drug Administration (FDA) for the treatment of acute myeloid leukemia (AML). Celator is currently conducting two randomized phase 2 studies with CPX-351 for the treatment of AML. The first randomized phase 2 study compares CPX-351 versus the standard “7+3” regimen of cytarabine:daunorubicin in patients 60 years of age up to and including 75 years of age with newly diagnosed AML. The primary efficacy endpoint of the study, the rate of patients achieving a complete remission with CPX-351 compared to “7+3,” achieved statistical significance. In addition, the company reported a reduction in the 30-day and 60-day mortality with CPX-351 versus the “7+3” regimen. The primary efficacy endpoint analysis, and additional results from this study, will be submitted to a major medical conference in 2010. The second randomized phase 2 study is comparing CPX-351 versus intensive salvage therapy in patients 18 years of age up to and including 65 years of age with AML in first relapse. Enrollment is expected to be completed in 2010. This study is supported by The Leukemia & Lymphoma Society.

About Thomas, McNerney & Partners

Thomas, McNerney & Partners is a health care venture capital firm with approximately \$600 million under management focused on investing in life science and medical technology companies at all stages of development. In addition to helping entrepreneurs launch companies with seed and early stage funding, the firm provides growth capital to emerging companies to advance clinical development or for product commercialization. Thomas, McNerney & Partners also is involved in spinning out products and divisions from major medical device and pharmaceutical companies, consolidating companies through roll-up strategies and participating in structured financings for public companies as well as recapitalizations. The firm is targeting investments in the pharmaceutical, medical device, biotechnology and diagnostic sectors and in other areas utilizing medical technology innovation. The firm has offices in Minneapolis, Stamford and San Francisco. For further information, please visit www.tm-partners.com.

About Celator Pharmaceuticals, Inc.

Celator Pharmaceuticals, Inc., with locations in Princeton, NJ, and Vancouver, BC, is a privately held pharmaceutical company developing new and more effective therapies to treat cancer. CombiPlex[®], the company’s proprietary drug ratio technology platform, represents a novel approach that identifies molar ratios of drugs that will deliver a synergistic benefit, and locks the desired ratio in a nano-scale drug delivery vehicle that maintains the ratio in patients with the goal of improving clinical outcomes. The company pipeline includes two Phase 2 products; CPX-351 (a liposomal formulation of cytarabine:daunorubicin) for the treatment of acute myeloid leukemia and CPX-1 (a liposomal formulation of irinotecan:floxuridine) for the treatment of colorectal cancer; a preclinical stage compound, CPX-571 (a liposomal formulation of irinotecan:cisplatin); and multiple research programs, including the hydrophobic docetaxel prodrug nanoparticle (HDPN) formulation being studied by the National Cancer Institute's Nanotechnology Characterization Laboratory. Based on the applications of CombiPlex and the proprietary nanoparticle prodrug delivery platform, Celator is positioned to advance a broad pipeline of cancer therapies involving both previously approved and novel drug agents. For more information, please visit the company's website at

www.celatorpharma.com. Information on ongoing trials is available at www.clinicaltrials.gov.