December 18, 2013

Spectrum Pharmaceuticals Announces Pricing of $100 Million Convertible Notes Offering

HENDERSON, Nev.--(BUSINESS WIRE)-- Spectrum Pharmaceuticals, Inc. (NasdaqGS: SPPI) announced today the pricing of its offering of $100 million aggregate principal amount of 2.75% convertible senior notes due 2018 (the "Convertible Notes"). The Convertible Notes will be offered and sold in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Act"). The Company has also granted an option to the initial purchasers to purchase up to an additional $20 million aggregate principal amount of Convertible Notes, issuable within 13 calendar days of the original issue date, solely to cover over-allotments. The offering is expected to close on December 23, 2013, subject to satisfaction of customary closing conditions.

The Convertible Notes will bear cash interest at a rate of 2.75% per year, payable semi-annually on June 15 and December 15, beginning on June 15, 2014. The Convertible Notes will not be redeemable prior to maturity. Initially, the Company will settle conversions of the Convertible Notes by delivering shares of the Company's common stock ("Common Stock"). However, if the Company obtains stockholder approval in accordance with applicable NASDAQ rules, the Company will settle conversions of the Convertible Notes by paying or delivering, as the case may be, shares of Common Stock, cash, or a combination of cash and shares of Common Stock, at the Company's election, based on the conversion rate. The Convertible Notes will mature on December 15, 2018, unless repurchased or converted in accordance with their terms prior to such date. Prior to June 15, 2018, the Convertible Notes will be convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time until the second scheduled trading day immediately preceding the maturity date. The initial conversion rate will be 95.0107 shares of Common Stock per $1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately $10.53 per share of Common Stock, subject to adjustment in certain circumstances. This initial conversion price represents a premium of approximately 27.5% above the last reported sale price of the Common Stock of $8.255 per share on December 17, 2013.

In connection with the pricing of the Convertible Notes, the Company entered into convertible note hedge transactions and separate warrant transactions with RBC Capital Markets, LLC (the "Option Counterparty"), in order to reduce the potential dilution to the Common Stock and/or offset any cash payments the Company is required to make in excess of the principal amount upon conversion of the Convertible Notes in the event that the market price of the Common Stock is greater than the strike price of the convertible note hedge transactions. The strike price of the convertible note hedge transactions is initially equal to the conversion price of the Convertible Notes. The strike price of the warrant transactions will initially be approximately $14.03 per share of Common Stock, which is approximately 70% above the last reported sale price of the Common Stock on December 17, 2013.

The warrant transactions will have a dilutive effect with respect to the Common Stock to the extent that the market price per share of the Common Stock, as measured under the terms of the warrant transactions, exceeds the strike price of the warrants. If the initial purchasers exercise their over-allotment option, the Company expects to enter into additional convertible note hedge transactions and additional warrant transactions with the Option Counterparty on terms similar to those described above.

The Company expects to use a portion of the net proceeds from the sale of the Convertible Notes to pay the cost of the convertible note hedge transactions (after such cost is partially offset by proceeds from the warrant transactions). The Company expects to use the remainder of the net proceeds for general corporate purposes, which may include working capital, research and development and clinical studies. The Company may also use a portion of the net proceeds to acquire or license additional drug candidates or complementary technologies; however, there are no current agreements or commitments to complete any such transaction.

The Company has been advised by the Option Counterparty that, in connection with establishing its initial hedge positions with respect to the convertible note hedge transactions and the warrant transactions, the Option Counterparty and/or its affiliates expect to purchase shares of the Common Stock and/or enter into various derivative transactions with respect to the Common Stock concurrently with or shortly after the pricing of the Convertible Notes. This activity could increase (or reduce the size of any decrease in) the market price of the Common Stock or the Convertible Notes at that time.

In addition, the Company has been advised that the Option Counterparty and/or its affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to the Common Stock and/or purchasing or selling shares of Common Stock or other securities of the Company in open market transactions following the pricing of the Convertible Notes and prior to the maturity of the Convertible Notes (and are likely to do so during any observation period related to a conversion of Convertible Notes). This activity could also cause or avoid an increase or a decrease in the market price of the Common

Stock or the Convertible Notes, which could affect the ability of holders of the Convertible Notes to convert the Convertible Notes and, to the extent the activity occurs during any observation period related to a conversion of Convertible Notes, could affect the amount and value of the consideration that holders of the Convertible Notes will receive upon conversion of the Convertible Notes.

Jefferies LLC and RBC Capital Markets, LLC are acting as joint book-running managers for the offering of Convertible Notes. H.C. Wainwright & Co., LLC and Roth Capital Partners are acting as co-managers.

This press release does not constitute an offer to sell or a solicitation to buy any of the securities described herein, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful. Any offer of the Convertible Notes will be made only by means of a private offering memorandum. The Convertible Notes and the Common Stock issuable upon conversion of the Convertible Notes, if any, will not be registered under the Act or any state securities laws, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Act and applicable state securities laws.

Forward-looking statement — This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to future events or occurrences and involve risks and uncertainties that could cause actual results to differ materially. All statements made in this press release other than statements of historical fact, including statements with respect to the expected closing date of the offering and the intended use of proceeds from the offering, are forward-looking statements. These statements are based on management's beliefs and assumptions based on information currently available to management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that those expectations will prove to be correct. These forward-looking statements speak only as of the date of this press release. The Company disclaims any obligation to update these statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from expectations, including difficulties or delays in marketing or pricing the proposed offering, the failure of satisfaction of one or more conditions to closing of the offering, fluctuations in the price of the Common Stock, and adverse developments in general economic conditions. Additional risks that may affect the Company are discussed in the Company's filings with the Securities and Exchange Commission; including the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (as amended) and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013.

Spectrum Pharmaceuticals, Inc.
Shiv Kapoor
Vice President, Strategic Planning & Investor Relations
702-835-6300
InvestorRelations@sppirx.com

Source: Spectrum Pharmaceuticals, Inc.

News Provided by Acquire Media