

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 1 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

I. PURPOSE

Spectrum Pharmaceuticals, Inc. (“Spectrum” or the “Company”) employees are permitted to trade in Spectrum Securities and are prohibited from engaging in Insider Trading. This Policy outlines the Company’s minimum requirements with respect to prohibition on Insider Trading.

This Insider Trading Policy, as amended and restated effective December 10, 2020 (the “Policy”) provides guidelines with respect to transactions in the securities of Spectrum Pharmaceuticals, Inc. (together with its subsidiaries, “Spectrum”) and the handling of confidential information about Spectrum. Spectrum’s Board of Directors has adopted this Policy to promote compliance with federal, state and foreign securities laws that prohibit certain persons who are aware of material nonpublic information about Spectrum from: (i) trading in securities of Spectrum; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information.

This Policy is not intended to be a complete explanation of the legal restrictions and consequences of trading in Spectrum Securities (as defined below). Employees are strongly encouraged to consult with their own legal and tax advisors before engaging in any transaction involving Spectrum Securities or the securities of companies with which we do business. Ultimately, it is the individual Employees who are responsible for their own conduct.

II. SCOPE

This Policy applies to all directors, officers, employees, contractors and consultants of Spectrum, who are each referred to herein as an “Employee.” This Policy also applies to family members, other members of a person’s household and entities controlled by a person covered by this Policy, as described below.

Any violation or failure to comply with this Policy is grounds for disciplinary action, up to and including termination. If you have a question or concern about an activity or conduct that could potentially be in violation of law or Spectrum Policy, contact your Supervisor, Human Resources, Legal or Compliance. If you wish to remain anonymous, contact the Spectrum Compliance Helpline at 844-587-1660 or www.sppirx.ethicspoint.com.

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM’S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 2 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

IV. POLICY STATEMENT

Prohibitions

Employees are prohibited from transacting in “Spectrum Securities” (which includes, among other things, Spectrum common stock, preferred stock, futures, puts, calls, options, swaps, warrants, debt securities, derivative securities relating to Spectrum securities, and any other rights to acquire or dispose of Spectrum securities, whether or not issued by Spectrum):

1. While in possession of material non-public information; and/or
2. During “blackout” periods.

In addition, Employees are prohibited from disclosing or “tipping” (*i.e.*, communicating material non-public information to persons who might be expected to transact while in possession of that information) to anyone, including family members, any material non-public information about any company (or transacting in such company’s securities based on material non-public information about such company) when that information is obtained in the course of employment with, or the performance of services on behalf of, Spectrum and for which there is a relationship of trust and confidence concerning the information. The foregoing prohibition includes posting any material non-public information regarding Spectrum or any other company on any internet message board or social media site at any time.

No individuals other than specifically authorized personnel should release material information to the public or respond to inquiries from the media, analysts, investors or others outside of Spectrum. You should not respond to these inquiries unless expressly authorized to do so and should refer any inquiries to the Trading Compliance Officer.

Family Members and Controlled Entities

These prohibitions apply to the Employee or an Employee’s: (a) family members residing in the same household as the Employee, such as a spouse, domestic partner, children, children away at college, stepchildren, grandchildren, siblings, in-laws, or other relatives; (b) family members not residing in the same household as the Employee but whose transactions in Spectrum Securities are directed by the Employee or subject to the Employee’s influence or

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM’S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 3 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

control, such as parents or children who consult with you before they trade in Spectrum Securities; (c) corporations or other business entities controlled by an Employee; or (d) trusts in which the Employee acts as trustee or has a beneficial or pecuniary interest. You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Spectrum Securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. These prohibitions apply regardless of the dollar amount of the transaction or the source of the material non-public information. Due to the heightened risk of inadvertently sharing information when working remotely and participating in meetings virtually, you should take extra precautions in such circumstances to avoid the dissemination of sensitive information to others.

Transactions Under Certain Plans

The foregoing prohibitions do not apply to: (a) the exercise of stock options where cash is paid or stock is withheld for the exercise price and tax withholding obligation, and the stock acquired upon exercise is held by the Employee (the prohibitions do apply to the sale of such stock); (b) the sale or purchase of Spectrum Securities pursuant to a Qualified Rule 10b5-1 Plan; (c) periodic contributions to employee benefit plans (e.g., employee stock purchase or 401(k) plans) which are used to purchase Spectrum Securities pursuant to advance instructions; and (d) purchases of Spectrum Securities under a dividend reinvestment plan resulting from the reinvestment of dividends paid on Spectrum Securities.

The prohibitions do apply, however, to: (a) any sale of stock in connection with a “cashless” exercise of stock options or other equity awards; (b) any market sale of Spectrum Securities for the purpose of generating the cash needed to pay the exercise price or to satisfy any tax withholding obligation of any stock option or equity award or other derivative security; (c) the sale of any shares issued on the exercise of stock options or other equity award elections made under 401(k) plans to (i) increase or decrease the percentage of periodic contributions that will be allocated to Spectrum Securities, (ii) make an intra-plan transfer of an existing account balance into or out of Spectrum Securities. (iii) borrow money against the 401(k) plan account if the loan will result in a liquidation of all or some of the Spectrum Securities in the account, and (iv) pre-pay any loan if the pre-payment will result in an allocation of loan proceeds to Spectrum Securities; (d) elections to participate in or increase participation in an employee stock purchase plan and to a participant’s sale of Spectrum Securities purchased pursuant to such plan; and (e) elections to participate in or increase participation in any dividend reinvestment plan, voluntary purchases

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM’S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 4 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

of Spectrum Securities that result from additional contributions a participant chooses to make under such plan, and a participant's sale of Spectrum Securities purchased pursuant to such plan.

Certain Other Transactions

Employees are prohibited from engaging in transactions for which there is a heightened legal risk and/or appearance of improper or inappropriate conduct.

1. Short Sales. No Employee may engage in short sales (*i.e.*, the sale of a security that the seller does not own) of Spectrum Securities. Short sales may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the Employee lacks confidence in Spectrum's prospects. In addition, short sales may reduce an Employee's incentive to seek to improve Spectrum's performance.

2. Publicly-Traded Options. A transaction in options is, in effect, a bet on the short-term movement of Spectrum's stock and therefore creates the appearance that the Employee is trading based on inside information. Transactions in options also may focus the trader's attention on short-term performance at the expense of Spectrum's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market, are prohibited. (Options positions arising from certain types of hedging transactions are addressed under "Hedging Transactions" below.)

3. Hedging Transactions: Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an Employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions would allow them to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, their interests and the interests of Spectrum and its stockholders may be misaligned and may signal a message to the trading market when disclosed in Section 16 reports that may not be in the best interests of Spectrum and its stockholders at the time it is conveyed. Accordingly, hedging or monetization transactions involving Spectrum Securities are prohibited.

4. Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. A margin sale or foreclosure

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 5 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

sale may occur at a time when the pledgor is aware of material non-public information or otherwise is not permitted to trade in Spectrum Securities pursuant to blackout period restrictions. Thus, Employees are prohibited from pledging Spectrum Securities as collateral for a loan or holding Spectrum Securities in a margin account.

5. Standing Orders. Standing orders should be used only for a very brief period of time and Spectrum discourages placing standing orders on Spectrum Securities. A standing order placed with a broker or other nominee to sell or purchase stock at a specified price leaves an Employee with no control over the timing of the transaction. A standing order transaction executed by the broker or other nominee when such Employee is aware of material nonpublic information may result in unlawful insider trading, and the execution of a standing order transaction during a blackout period is prohibited.

Penalties

Persons who violate these prohibitions are subject to potential civil damages and criminal penalties, as well as additional sanctions including, without limitation, reprimand and/or dismissal from their employment or other relationship with Spectrum. In addition, trading on material non-public information poses significant risks to Spectrum.

Reporting

Any Employee who violates this Policy or any federal or state laws governing insider trading or tipping, or knows of the possibility of any such violation by any person, must report such matter immediately to the Trading Compliance Officer or his or her designee.

Section 16 Persons

Our directors, executive officers, and stockholders holding at least ten percent (10%) or greater of our common stock ("10% Stockholders") and certain other persons identified from time to time by the Trading Compliance Officer ("Section 16 Persons") are subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition to complying with all other policies and procedures set forth in this Policy, Section 16 Persons must also comply with the policies set forth on Exhibit C, including, without limitation, pre-clearance of all transactions in Spectrum Securities by the Trading Compliance Officer.

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 6 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

Material Non-Public Information

“Material non-public information” is material information about Spectrum or other companies that has not been previously disclosed to the general public through a press release or filings with the Securities and Exchange Commission (the “SEC”) and is otherwise not available generally to the general public.

Non-public information is generally considered “material” if there is a substantial likelihood that a reasonable investor would consider it important or significant in a decision to buy, sell, or hold securities. Any information that could be reasonably expected to affect the market price of a security, whether such information is positive or negative, should be considered material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions as to the materiality of particular information should be resolved in favor of materiality and trading should be avoided. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are listed on Exhibit B attached hereto.

Generally, all information relative to all aspects of Spectrum’s business that has not been publicly disclosed via press release or filings with the SEC should be considered material non-public “inside” information. Even after a public announcement, a reasonable period of time must lapse before trading is permissible, in order for the market to absorb and react to the information. Generally, information regarding relatively simple matters such as earnings results will be considered adequately disseminated and absorbed by the marketplace after one (1) full trading day has elapsed following its release. If, for example, Spectrum were to make such an announcement on a Monday, you should not trade in Spectrum Securities until Wednesday. When more complex matters, such as a prospective major acquisition or disposition are announced, it may be necessary to allow additional time for the information to be digested by the market. When in doubt, consult with the Trading Compliance Officer.

Blackout Periods

Employees are generally allowed to transact in Spectrum Securities at all times so long as they are not in possession of material non-public information, except:

1. During the period beginning ten (10) trading days before and ending one (1) trading day after Spectrum’s widespread public release of quarterly or year-end earnings; or

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM’S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 7 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

2. During any special blackout period established by the executive management, Trading Compliance Officer or Board of Directors of Spectrum.

The term “blackout period” in this Policy shall include any period described in (1) or (2) above. Any person made aware of the existence of a special blackout period should not disclose the existence of such special blackout period to any other person.

The purpose behind a blackout period is to help establish a diligent effort to avoid any improper transactions. Trading in Spectrum Securities outside a blackout period should not be considered a “safe harbor,” and all Employees should use good judgment at all times before trading. Even outside a blackout period, any person possessing material non-public information concerning Spectrum or its securities should not transact in Spectrum Securities until such information has been known publicly for at least one (1) full trading day after the date of announcement. Although special blackout periods may be imposed from time to time, each person is individually responsible at all times for compliance with this Policy.

Rule 10b5-1 Trading Plans

Rule 10b5-1 adopted by the SEC contains an affirmative defense to insider trading that is available to a person making a purchase or sale of securities who demonstrates that the purchase or sale was pursuant to a contract, plan or instruction entered into before the person became aware of material non-public information. Accordingly, as an exception to the foregoing prohibitions on trading, a sale or purchase of Spectrum Securities may be made even if an Employee has material non-public information concerning Spectrum or its securities at the time of trading, provided the sale or purchase is made pursuant to a plan validly established in compliance with the provisions of Rule 10b5-1 and the following criteria are satisfied (a “Qualified Rule 10b5-1 Plan”):

- An Employee must enter into the plan only during an open window trading period and at a time when such person is not aware of material non-public information;
- An Employee must enter into the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1;
- The plan must be a written plan or binding contract (i.e., the plan may not consist of an oral arrangement or order to purchase or sell securities in the future);

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 8 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

- The plan must specify a non-discretionary trading method with the amount, price and date of trades, or include a written formula, algorithm or computer program for their determination. Alternatively, the person entering into the plan could delegate trading decisions to a third party who, at the time of trading did not have, and was not influenced by anyone who had, material non-public information; and
- Purchases and sales under the plan must be made only according to the plan's terms.

Any person who wishes to implement, amend or terminate a Qualified Rule 10b5-1 Plan must first have the plan (or any amendment or proposal to terminate) reviewed by the Trading Compliance Officer.

Pre-Clearance of Trades

Section 16 Persons and their family members must refrain from trading in Spectrum Securities without first pre-clearing all transactions with the Trading Compliance Officer or his or her designee. This pre-clearance requirement applies to any transaction involving Spectrum Securities, including a gift, transfer to a trust or any other transfer.

The Trading Compliance Officer or his or her designee: (a) must pre-clear each proposed trade of Spectrum Securities by any Section 16 Persons or their family members (provided that the Trading Compliance Officer or his or her designee cannot pre-clear their own trades or trades of their family members); (b) is not under any obligation to approve a trade submitted for pre-clearance; (c) may determine not to permit such trade; and (d) may withdraw or revoke any approval upon the unexpected occurrence (or timing of occurrence) of a material event or development.

Section 16 Persons and their family members must contact the Trading Compliance Officer or his or her designee not less than two (2) full trading days prior to trading in Spectrum Securities. Any pre-cleared trades approved by the Trading Compliance Officer or his or her designee must be executed within five (5) full trading days of such approval. Both pre-clearance requests by Section 16 Persons or their family members and pre-clearance approvals by the Trading Compliance Officer or his or her designee must be in writing. The Trading Compliance Officer and his or her designee will keep appropriate records of all pre-clearance requests and approvals.

No trade may be effected by any Section 16 Person or their family member until such Section 16 Person or their family member has received approval to trade by the Trading Compliance Officer or his or her designee, even if two (2) full trading days have passed since pre-clearance was requested. If, upon requesting pre-clearance, any

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 9 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

Section 16 Person or their family member is advised that Spectrum Securities may not be traded, such Section 16 Person or their family member may not buy, sell or otherwise trade any Spectrum Securities under any circumstance and may not inform anyone of such restriction. This trading restriction will apply until the Section 16 Person or their family member receives a subsequent approval to trade Spectrum Securities.

When a request for pre-clearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about Spectrum, and should describe fully those circumstances to the Trading Compliance Officer.

Pre-clearance of trading in Spectrum Securities is not required for trades under a Qualified Rule 10b5-1 Plan.

Post-Termination Transactions

In the event an Employee resigns or terminates employment or service with Spectrum, this Policy shall continue to apply to transactions in Spectrum Securities by such individual for so long as he or she remains in possession of any material non-public information regarding Spectrum possessed by such Employee as of his or her resignation or termination. Notwithstanding the foregoing, all former Employees shall remain subject to the prohibitions against insider trading set forth under federal and state securities laws any time they engage in transactions in Spectrum Securities following their resignation or termination.

Trading Compliance Officer

The Board of Directors shall designate the person to serve as the "Trading Compliance Officer." The determinations of the Trading Compliance Officer under this Policy are final. The duties of the Trading Compliance Officer shall include, without limitation:

- Administering and interpreting this Policy;
- Monitoring and enforcing compliance with this Policy's provisions and procedures;
- Responding to inquiries relating to this Policy, including questions regarding trading windows and hardship trading exceptions;
- Providing pre-clearance for trading to Section 16 Persons outside of 10b5-1 plans;
- Reviewing and approving Rule 10b5-1 plans for Section 16 Persons;

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 10 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

- Designating and announcing special blackout periods;
- Ensuring annually that copies of this Policy and other appropriate materials are provided to all Employees;
and
- Ensuring the maintenance of records of all documents required under this Policy.

V. ATTACHMENTS

Exhibit A: Acknowledgement Form

Exhibit B: General Information About Insider Trading

Exhibit C: Section 16 Compliance Program

VI. REVISION HISTORY

<u>Version</u>	<u>Document</u>	<u>Changes</u>	<u>Reason for Change</u>
1.0	CG-POL-BRD-001	Recategorized document to a Board Policy. Fixed typos and clarified Purpose.	2020 Periodic Review (Previously CG-POL-LG-020)
1.0	CG-POL_LG-020	New compliance policy.	Establish Compliance Program Policies

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 11 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

EXHIBIT A

ACKNOWLEDGEMENT FORM

The undersigned, as an Employee of Spectrum (as such terms are defined in that certain Policy on Insider Trading and Unauthorized use or Disclosure of Confidential Information, as amended and restated on December 10, 2020 (the "Policy")), and hereby certifies and represents to Spectrum that he or she has received, has read, and understands the Policy, agrees to comply, and has complied, with the Policy in its entirety. The undersigned understands that the Trading Compliance Officer (as defined in the Policy) is available to answer any questions regarding the Policy. The undersigned further acknowledges that, in addition to potential civil and criminal liabilities, the failure to comply with the Policy could result in disciplinary action or termination of the business or employment relationship with Spectrum.

Date: _____

Name: _____

Signature: _____

Title: _____

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 12 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

EXHIBIT B

GENERAL INFORMATION REGARDING INSIDER TRADING

Unlawful insider trading occurs when a person uses material non-public information obtained through their employment or other involvement with a company to make decisions to purchase, sell or otherwise trade that company's securities or to provide that information to others outside the company. The prohibitions against insider trading apply to trading, tipping, and making recommendations to trade by virtually any person, including all persons associated with the company, if the information involved is "material non-public information."

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation and integrity of Spectrum, as well as that of all persons affiliated with it. The anti-fraud provisions of the federal securities laws generally prohibit Employees who possess material, non-public information from trading securities (including the purchase or sale of stocks, options, futures, puts or calls, and including the shorting of any stock) on the basis of that information. These laws also prohibit the direct or indirect communication or "tipping" of any material non-public information to anyone outside Spectrum under any circumstances or to anyone within Spectrum other than on a need-to-know basis. In addition, the anti-fraud provisions prohibit fraudulent, manipulative, or deceptive trading practices.

Persons who violate these prohibitions are subject to potential civil damages and criminal penalties. The civil damages that may be imposed consist of disgorgement of any illicit profits and a fine of up to three (3) times the profit gained or loss avoided. The criminal penalties can be as much as \$5 million for individuals or \$25 million for entities and twenty (20) years in prison for each violation.

Trading on material non-public information also poses significant risks to Spectrum. First, the SEC can bring an action against Spectrum (as your employer) to recover civil penalties of up to the greater of \$1 million or three (3) times the amount of profit you make or loss you avoid. Second, disclosure of even small amounts of material non-public information could require Spectrum under federal securities laws to make complete disclosure regarding the matter in question before it is otherwise obligated to do so (that is, if the story is disclosed selectively or only part of the story is disclosed to the general public, Spectrum may have a duty to publicly disclose the full story, which

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 13 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

may have detrimental effects on Spectrum or third parties). Third, disclosure of material non-public information could damage Spectrum's competitive position, jeopardize important strategic plans, and threaten or eliminate opportunities such as acquisitions or financings.

EXAMPLES OF MATERIAL NON-PUBLIC INFORMATION

Although the materiality of non-public information may vary depending on the circumstances of each case, be assured it will be viewed with "20/20 hindsight." Consequently, **any appearance of impropriety should be avoided**, and the particular facts of each such situation should be carefully reviewed. Whether a matter is material or of substantial import to reach this level may not be abundantly clear. The following pieces of information about a company may be considered material information:

- Proposed acquisitions, divestitures, mergers, and takeovers;
- Earnings, revenues, expenses, dividends or other non-public financial information;
- Financial projections;
- Proposed new security issues (debt or equity);
- Bank borrowings or other financing transactions;
- Liquidity or cash problems;
- Credit history and actual or potential defaults;
- Pending discoveries, new products or technical developments;
- Significant product delays, defects or recalls or other significant design or manufacturing problems;
- Information concerning changes in senior level management or concerning their business or personal lives;
- Redemptions of debt or preferred stock;
- Stock buy back programs, dividends and stock splits;
- Change in or curtailment of operations or of significant facilities;
- Changes in a company's independent auditors or that a company may no longer rely on their audit report;
- An increase or decline in a company's business;
- New customer relationships or terminations or changes in significant customer relationships;
- Threatened or pending litigation, developments in material litigation and other contingencies;
- Regulatory proceedings and governmental investigations;
- Results of progress (or lack thereof) of clinical trials or summaries of any patient data;

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 14 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

- Significant actions by regulatory authorities, including the Food and Drug Administration;
- New major contracts, strategic partners, supplies, customers or finance sources, or the loss thereof;
- Major discoveries or significant changes or developments in products or product lines, research, technologies or patents;
- Results or progress reports on tests of new products on animals;
- Significant changes or developments in products, supplies or inventory, including significant product defects, recalls or product returns;
- Significant pricing changes; and
- Significant labor disputes or negotiations.

This list is not exhaustive and, depending upon the circumstances, other information may be material. In short, if you would consider the non-public information in making an investment decision, you should assume it is material. Remember that both positive and negative information may be material non-public information. You should always treat non-public information as material if you have any reason to believe that it may be important.

PENALTIES

The federal securities laws impose criminal and civil penalties on anyone who trades in a company's securities while in possession of material non-public information, as well as on anyone who discloses material non-public information to others so others can trade in stock or securities of a company (even if the person disclosing such information does not profit from the trading). These potential criminal and civil penalties for "knowing" (i.e., intentional) violations are:

- A jail term of up to twenty (20) years;
- A criminal fine up to \$5,000,000 for individuals and \$25,000,000 for corporations; and
- A civil penalty up to three (3) times the profit gained or loss avoided.

The Insider Trading and Securities Fraud Enforcement Act of 1988 expanded the scope of civil penalties from traders and tipplers who knowingly engage in securities violations to "Controlling Persons" (generally an employer acting through its supervisors and management) who (a) knew or "recklessly disregarded" the fact that a "Controlled Person" (generally an employee) was likely to engage in insider trading violations and (b) failed to take appropriate actions to prevent or detect the violation. Civil penalties for violations of this Act may be imposed on the Controlling Person in an amount equal to the greater of \$1,000,000 or three (3) times the profit gained or loss avoided. Accordingly, it is incumbent on each of Spectrum's directors, officers and general management to maintain an awareness of possible insider trading violations by persons under their control and to take measures where

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 15 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

appropriate to prevent such violations. In the event a director, officer or member of management becomes aware of the possibility of such a violation, he or she should contact the Trading Compliance Officer or Chief Financial Officer immediately.

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 16 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

EXHIBIT C

Section 16 Compliance Program

Section 16 Persons are subject to Section 16 of the Exchange Act. In addition to complying with all other policies and procedures set forth in this Policy, Section 16 Persons must also comply with this Exhibit C.

A. General Information Regarding Section 16

Section 16(a) of the Exchange Act, and the rules and regulations promulgated thereunder, requires Section 16 Persons to report all transactions involving Spectrum Securities (including options, warrants, and other “derivative securities”) to the SEC. As a result of the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”), most transactions must be reported within two (2) business days after the transaction date.

Section 16(b) requires Spectrum to recover any deemed profit resulting from any sale and purchase, or purchase and sale, by a Section 16 Person within a six (6) month period. It makes no difference how long the shares were held or whether the Section 16 Person was in possession of material non-public information at the time of the trades. Moreover, under the profit calculation rules, the highest-priced sale will be matched with the lowest-priced purchase, regardless of the order in which the transactions occurred or whether there is any overall profit. If you do not immediately disgorge any such profit to Spectrum, you can expect to receive a demand letter or civil complaint from one or more plaintiffs’ lawyers who specialize in Section 16 actions. Transactions that occur for up to six (6) months after you cease to be a Section 16 Person may also give rise to Section 16(b) liability.

The Section 16 reporting requirement and short swing profit recovery rules extend to transactions by family members sharing a Section 16 Person’s household and to transactions in which a Section 16 Person is deemed to have an indirect pecuniary interest (such as transactions by trusts, corporations, or partnerships in which the Section 16 Person has or shares control).

Under SEC rules, certain transactions, including gifts, approved option grants, in-the-money option exercises, and other transactions under employee benefit plans, are considered “exempt transactions” under Section 16(b) and do not give rise to profit recovery. These exempt transactions in most cases are still required to be reported to the SEC within two business days after the transaction date.

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM’S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 17 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

B. Consequences of Failures to Report

The SEC's rules require companies to list in their annual proxy statement the name of any Section 16 Person who, during the preceding fiscal year, failed to file on a timely basis any of the required reports. The consequences of filing a late report or not filing a required report can be significant:

- You and Spectrum may be the subject of adverse publicity as a result of disclosures in the proxy statement.
- You may be subject to an SEC "cease and desist" order.
- You may be required to pay substantial fines for each filing violation.
- Willful failures to file can be, and occasionally have been, prosecuted as a criminal violation of the federal securities laws.

Section 16 Persons should note that even if a transaction is properly reported the transaction can give rise to liability under Section 16(b) if it can be "matched" against another transaction occurring within six (6) months.

C. Filing Responsibilities and Required Forms

Under Section 16, you, as a Section 16 Person, are personally liable for the failure to file required reports on a timely basis. To assist our Section 16 Persons in meeting required filing deadlines, the office of the Trading Compliance Officer will prepare and file required Section 16 reports for all Spectrum approved transactions, unless you have indicated that you prefer to prepare and file your own reports. You are requested to maintain a power of attorney which will give Spectrum's Trading Compliance Officer and Chief Financial Officer the authority to prepare and file on your behalf any required forms. The following forms are required to be filed under Section 16:

- **Form 3** must be electronically filed with the SEC when a person first becomes subject to Section 16. The Form 3 requires the Section 16 Person to list all holdings of Spectrum stock, options or other "derivative securities." The Form 3 must be electronically received by the SEC within ten (10) calendar days after becoming a Section 16 Person.
- **Form 4** must be electronically filed with the SEC whenever there is a change in the beneficial ownership of securities, including purchases and sales of Spectrum stock, option grants and exercises, acquisition of dividend equivalents and certain other employee benefit plan transactions and changes in the nature of the ownership (e.g., from direct to indirect). The SEC adopted amended rules under the Sarbanes-Oxley Act that eliminated deferred

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 18 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

reporting (i.e., on Form 5) for transactions between officers or directors and Spectrum. Consequently, even though they remain exempt from Section 16(b) liability, stock option grants and exercises and most other transactions involving equity securities under our employee benefit plans are now required to be reported on Form 4. Also, under the Sarbanes-Oxley Act, all Form 4s must be received by the SEC via EDGAR no later than the second business day after the transaction date. The limited exception to this two (2) day filing requirement is for certain transactions under Rule 10b5-1 trading plans and under multi-fund employee benefit plans where the insider does not control the timing of transaction execution; in these circumstances the Form 4 may be electronically filed two (2) days after the Section 16 Person's receipt of notice of the transaction, which notice must occur no later than the third day after the transaction date.

- **Form 5** must be electronically filed with the SEC within 45 days after the end of Spectrum's fiscal year to report certain limited exempt transactions that occurred during the year and to report failures to file previously due reports. The Sarbanes-Oxley Act has narrowed dramatically the types of exempt transactions previously eligible for deferred reporting on Form 5 to gifts and inheritances and certain small acquisitions.

Additionally, as noted above, Form 5 requires the reporting of any transactions which should have been reported during the fiscal year on a Form 3 or Form 4 but were not. Section 16 Persons (excluding 10% Stockholders) will be required to provide Spectrum with a written representation at each fiscal year-end stating:

- that they have pre-cleared all transactions during the fiscal year as required herein, and
- if applicable, that no Form 5 is due because all holdings and transactions have been previously reported on Form 3 or Form 4.

Transactions which were exempt from Section 16 reporting altogether under the former rules, such as transfers pursuant to domestic relations orders, stock splits, and routine acquisitions under 401(k) plans and employee stock purchase plans continue to be exempt from reporting under the new rules.

D. Preparing and Reviewing Forms 3, 4 and 5

The office of the Trading Compliance Officer will oversee the preparation of the Section 16 forms (unless you have indicated that you prefer to prepare and file your own Form 4s). For transactions that are under Spectrum's control, such as option grants, we will endeavor to prepare the forms and obtain your review and signature in advance. **For your personal transactions, and due to the two (2) business day electronic filing requirement, it is essential that you respond**

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 19 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

promptly to the office of the Trading Compliance Officer, provide all information necessary for SEC reporting, and otherwise assist in completing the required forms, if you wish to obtain approval of and to proceed with any proposed transaction.

E. Broker Transactions

Section 16 Persons are required to instruct their broker who handles trades in Spectrum Securities to:

- verify with the Trading Compliance Officer that the proposed trade was pre-cleared by Spectrum in advance of entering any trading order for Spectrum Securities;
- confirm that the brokerage firm's Rule 144 and other compliance procedures have been followed in connection with all trades; and
- report to the Trading Compliance Officer the quantity and price of any trade promptly on the day of execution of the trade.

F. Rule 144

SEC Rule 144 imposes a series of restrictions upon the sale of Spectrum common stock by directors and executive officers of Spectrum. These restrictions may be summarized as follows:

- ***Volume Limitations.*** Total sales of Spectrum common stock by a covered individual for any three-month period may not exceed the greater of: (i) 1% of the total number of outstanding shares of Spectrum common stock, as reflected in the most recent report or statement published by Spectrum, or (ii) the average weekly reported volume of such shares traded during the four calendar weeks preceding the filing of the requisite Form 144 Notice.
- ***Method of Sale.*** The shares must be sold either in a "broker's transaction" or in a transaction directly with a "market maker." A "broker's transaction" is one in which the broker does no more than execute the sale order and receive the usual and customary commission. Neither the broker nor the selling officer or director can solicit or arrange for the sale order. In addition, the selling officer or director must not pay any fee or commission other than to the broker. A "market maker" includes a specialist permitted to act as a dealer, a dealer acting in the position of a block positioner, and a dealer who holds himself out as being willing to buy and sell Spectrum common stock for his own account on a regular and continuous basis.

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.

CORPORATE POLICY

Title: **Insider Trading and Unauthorized Use or Disclosure of Confidential Information**



Doc. No.: CG-POL-BRD-001

Page: 20 of 20

Version No.: 2.0

Supersedes No.: CG-POL-LG-029

Owning Department: Board

- **Notice of Proposed Sale.** A notice of the sale (the Form 144 Notice) must be filed with the SEC at the time of the sale. Stock brokers generally have internal procedures for executing sales under Rule 144 and will assist you in completing the Form 144 Notice and in complying with the other requirements of Rule 144. Three copies of the completed Form 144 Notice, one of which you are to manually sign, must be filed with the SEC. The forms must be mailed for filing on the same day as the sell order is placed with the broker in reliance on Rule 144 or on the day the sale is executed directly with a market maker.

G. The Ultimate Responsibility is Yours

While Spectrum is offering its assistance to its Section 16 Persons to help them comply with the Section 16 rules and regulations, you should recognize that it remains your obligation to see that your filings are accurate and made on time, and that you have no Section 16(b) or Rule 10b-5 insider trading liability. Spectrum cannot assume any legal responsibility in this regard. Under the law, if a filing is missed, you are personally responsible, notwithstanding that Spectrum has undertaken to prepare a required form. Please do not hesitate to call the Trading Compliance Officer (or Chief Financial Officer in his or her absence) if you have any questions about any proposed transaction or about the Section 16 reporting requirements generally or in regard to any particular transaction.

CONFIDENTIAL INFORMATION

NO PART OF THIS DOCUMENT MAY BE DISCLOSED OR USED FOR ANY PURPOSE WITHOUT SPECTRUM'S WRITTEN PERMISSION.