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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2019

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-35006

SPECTRUM PHARMACEUTICALS INC

(Exact name of registrant as specified in its charter)

Delaware	**93-0979187**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

11500 South Eastern Avenue	**Suite 240**	**Henderson**	**Nevada**	**89052**
(Address of principal executive offices)				**(Zip Code)**

(702) 835-6300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	SPPI	The NASDAQ Global Select Market

As of July 31, 2019, 112,855,657 shares of the registrant's common stock were outstanding.

SPECTRUM PHARMACEUTICALS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019

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Items 2 through 5 of Part II have been omitted because they are not applicable with respect to the current reporting period.

PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

SPECTRUM PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and par value amounts)
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 118,251	$ 157,480
Restricted cash	4,020	—
Marketable securities	160,134	46,508
Accounts receivable, net of allowance for doubtful accounts of $67 and $67, respectively	2,542	29,873
Other receivables	10,229	3,698
Prepaid expenses and other assets	10,839	7,574
Discontinued operations, current assets (*Note 11*)	—	5,555
Total current assets	306,015	250,688
Property and equipment, net of accumulated depreciation	4,534	385
Other assets	8,277	7,188
Facility and equipment under lease	3,842	—
Discontinued operations, non-current assets (*Note 11*)	—	132,625
Total assets	$ 322,668	$ 390,886
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 44,455	$ 69,460
Accrued payroll and benefits	5,262	9,853
Contract liabilities	7,245	4,850
Discontinued operations, current liabilities (*Note 11*)	—	2,311
Total current liabilities	56,962	86,474
Deferred tax liabilities	—	1,469
Other long-term liabilities	10,923	5,650
Discontinued operations, non-current liabilities (*Note 11*)	—	14,031
Total liabilities	67,885	107,624
Commitments and contingencies (*Note 9*)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.001 par value; 300,000,000 shares authorized; 112,684,387 and 110,525,141 issued and outstanding at June 30, 2019 and December 31, 2018, respectively	112	110
Additional paid-in capital	905,871	886,740
Accumulated other comprehensive loss	(3,764)	(3,702)
Accumulated deficit	(647,436)	(599,886)
Total stockholders' equity	254,783	283,262
Total liabilities and stockholders' equity	$ 322,668	$ 390,886

See accompanying notes to these unaudited condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues (*Note 1(b)*)	$ —	$ —	$ —	$ —
Operating costs and expenses:				
Selling, general and administrative	17,230	16,391	33,182	33,007
Research and development	16,982	16,595	38,868	29,960
Total operating costs and expenses	34,212	32,986	72,050	62,967
Loss from continuing operations	(34,212)	(32,986)	(72,050)	(62,967)
Other income (expense):				
Interest income (expense), net	1,495	(242)	2,556	(473)
Other income (expense), net	3,722	48,492	(7,563)	58,463
Total other income (expense)	5,217	48,250	(5,007)	57,990
(Loss) income from continuing operations before income taxes	(28,995)	15,264	(77,057)	(4,977)
Benefit (provision) for income taxes from continuing operations	212	(370)	8,454	698
(Loss) income from continuing operations	$ (28,783)	$ 14,894	$ (68,603)	$ (4,279)
Income (loss) from discontinued operations, net of income taxes (*Note 11*)	388	(1,150)	21,053	2,205
Net (loss) income	$ (28,395)	$ 13,744	$ (47,550)	$ (2,074)
Basic (loss) income per share:				
(Loss) income per common share from continuing operations	$ (0.26)	$ 0.15	$ (0.63)	$ (0.04)
Income (loss) per common share from discontinued operations	—	(0.01)	0.19	0.02
Net (loss) income per common share	$ (0.26)	$ 0.13	$ (0.43)	$ (0.02)
Diluted (loss) income per share:				
(Loss) income per common share from continuing operations	$ (0.26)	$ 0.14	$ (0.63)	$ (0.04)
Income (loss) per common share from discontinued operations	—	(0.01)	0.19	0.02
Net (loss) income per common share	$ (0.26)	$ 0.13	$ (0.43)	$ (0.02)
Weighted average shares outstanding:				
Basic	110,345,135	102,597,059	109,744,405	101,747,416
Diluted	110,345,135	112,617,150	109,744,405	101,747,416

See accompanying notes to these unaudited condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net (loss) income	$ (28,395)	$ 13,744	$ (47,550)	$ (2,074)
Other comprehensive income (loss):				
Unrealized gain on available-for-sale securities, net of income tax expense of $33 thousand, $0, and $33 thousand, $0 for the three and six months ended June 30, 2019 and 2018, respectively.	100	—	100	—
Foreign currency translation adjustments	228	(2,269)	(162)	(1,876)
Other comprehensive income (loss)	328	(2,269)	(62)	(1,876)
Total comprehensive (loss) income	$ (28,067)	$ 11,475	$ (47,612)	$ (3,950)

See accompanying notes to these unaudited condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2018	110,525,141	$ 110	$ 886,740	$ (3,702)	$ (599,886)	$ 283,262
Net loss	—	—	—	—	(19,155)	(19,155)
Other comprehensive loss, net	—	—	—	(390)	—	(390)
Employee stock-based compensation expense	—	—	7,481	—	—	7,481
Issuance of common stock to 401(k) plan for employee match	47,347	—	519	—	—	519
Issuance of common stock upon exercise of stock options	146,785	—	831	—	—	831
RSA grants, net of forfeitures	259,539	1	—	—	—	1
Issuance of common stock upon vesting of RSUs	233,760	—	—	—	—	—
Balance as of March 31, 2019	111,212,572	$ 111	$ 895,571	$ (4,092)	$ (619,041)	$ 272,549
Net loss	—	—	—	—	(28,395)	(28,395)
Other comprehensive income, net	—	—	—	328	—	328
Employee stock-based compensation expense	—	—	4,814	—	—	4,814
Issuance of common stock to 401(k) plan for employee match	24,382	—	205	—	—	205
Issuance of common stock for ESPP	60,606	—	444	—	—	444
Issuance of common stock upon exercise of stock options	504,226	—	3,023	—	—	3,023
RSA grants, net of forfeitures	651,072	1	—	—	—	1
Issuance of common stock upon vesting of RSUs	10,000	—	—	—	—	—
Issuance of common shares under an at-the-market sales agreement (*Note 13*)	221,529	—	1,814	—	—	1,814
Balance as of June 30, 2019	112,684,387	$ 112	$ 905,871	$ (3,764)	$ (647,436)	$ 254,783

See accompanying notes to these unaudited condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
CONTINUED
(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2017	100,742,735	$ 100	$ 837,347	$ 15,999	$ (502,107)	$ 351,339
Net loss	—	—	—	—	(15,816)	(15,816)
Cumulative-effect adjustment of ASU 2016-01 adoption (Note 3(a))	—	—	—	(17,211)	17,211	—
Cumulative-effect adjustment of Topic 606 adoption (Note 2(i))	—	—	—	—	4,678	4,678
Foreign currency adjustment related to adoptions of ASU 2016-01 and Topic 606	—	—	—	—	342	342
Other comprehensive income, net	—	—	—	393	—	393
Employee stock-based compensation expense	—	—	4,144	—	—	4,144
Issuance of common stock to 401(k) plan for employee match	16,834	—	334	—	—	334
Issuance of common stock upon exercise of stock options	5,793,413	6	41,417	—	—	41,423
RSA grants, net of forfeitures	614,035	—	—	—	—	—
Retirement of RSAs and shares as part of stock option cashless exercises to satisfy employee tax withholdings	(3,463,873)	(3)	(62,541)	—	—	(62,544)
Issuance of common stock upon vesting of RSUs	200,652	—	—	—	—	—
Issuance of common stock upon exercise of warrants	31,602	—	—	—	—	—
Balance as of March 31, 2018	103,935,398	$ 103	$ 820,701	$ (819)	$ (495,692)	$ 324,293
Net income (loss)	—	—	—	—	13,744	13,744
Other comprehensive loss, net	—	—	—	(2,269)	—	(2,269)
Employee stock-based compensation expense	—	—	4,461	—	—	4,461
Issuance of common stock to 401(k) plan for employee match	14,736	—	272	—	—	272
Issuance of common stock for ESPP	45,543	—	734	—	—	734
Issuance of common stock upon exercise of stock options	732,694	—	2,884	—	—	2,884
RSA grants, net of forfeitures	176,954	—	—	—	—	—
Issuance of common stock upon exercise of warrants	225,278	—	—	—	—	—
Balance as of June 30, 2018	105,130,603	$ 103	$ 829,052	$ (3,088)	$ (481,948)	$ 344,119

See accompanying notes to these unaudited condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2019	**2018**
Cash Flows From Operating Activities:		
Loss from continuing operations	$ (68,603)	$ (4,279)
Income from discontinued operations, net of income taxes (*Note 11*)	21,053	2,205
Net loss	(47,550)	(2,074)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,400	13,993
Stock-based compensation (*Note 4*)	13,019	9,211
Gain on Commercial Product Portfolio Transaction (*Note 11*)	(33,644)	—
Non-cash lease expense (*Note 9(a)*)	874	—
Unrealized gain on available-for-sale securities (*Note 3(a)*)	133	—
Amortization of discount on available-for-sale securities (*Note 3(a)*)	(331)	—
Income tax recognition on unrealized gain on available-for-sale securities	(33)	—
Realized gain on sale of CASI stock (*Note 7*)	(2,674)	—
Unrealized loss (gain) on marketable securities (*Note 3(a)*)	11,758	(58,634)
Unrealized gains from transactions denominated in foreign currency	(5)	10
Deferred tax liabilities	(1,469)	9
Change in fair value of contingent consideration (*Note 9(b)*)	1,478	483
Accretion of debt discount on 2018 Convertible Notes, recorded to interest expense	—	1,079
Amortization of deferred financing costs on 2018 Convertible Notes, recorded to interest expense	—	124
Change in cash surrender value of corporate-owned life insurance policy	—	(5)
Changes in operating assets and liabilities:		
Accounts receivable, net	27,314	5,087
Other receivables	(6,535)	(781)
Inventories	(2,037)	816
Prepaid expenses and other assets	(3,164)	1,167
Other assets	(1,087)	3,451
Accounts payable and other accrued obligations	(33,438)	(8,210)
Accrued payroll and benefits	(4,592)	(4,314)
FOLOTYN development liability	(4)	(195)
Contract liabilities (*Note 3(h)*)	2,395	—
Other long-term liabilities	1,843	(464)
Net cash used in operating activities	(76,349)	(39,247)
Cash Flows From Investing Activities:		
Proceeds from Commercial Product Portfolio Transaction (*Note 1(b)*)	158,765	—
Proceeds from sale of CASI stock (*Note 7*)	5,074	—
Purchase of available-for-sale securities (*Note 3(a)*)	(127,564)	—
Purchases of property and equipment (*Note 3(b)*)	(1,241)	(46)
Proceeds from redemption of corporate-owned life insurance policy	—	4,130
Net cash provided by investing activities	35,034	4,084
Cash Flows From Financing Activities:		
Proceeds from employees for exercises of stock options	3,854	4,804
Proceeds from sale of common stock under an at-the-market sales agreement (*Note 13*)	1,814	—
Proceeds from sale of stock under our employee stock purchase plan	444	734
Proceeds from employees, for our remittance to tax authorities, upon vesting of restricted stock and exercises of stock options	—	4,645
Payments to tax authorities upon employees' surrender of restricted stock at vesting and exercises of stock options	—	(27,686)
Net cash provided by (used in) financing activities	6,112	(17,503)
Effect of exchange rates on cash, cash equivalents and restricted cash	(6)	(286)
Net decrease in cash, cash equivalents and restricted cash	(35,209)	(52,952)
Cash, cash equivalents and restricted cash—beginning of period	157,480	227,323
Cash, cash equivalents and restricted cash—end of period	$ 122,271	$ 174,371
Supplemental disclosure of cash flow information:		

Cash paid for facility and equipment under lease	$ 921	$ —
Cash paid for income taxes	$ 33	$ 27
Cash paid for interest	$ —	$ 558
Noncash investing activities:		
Additions of property and equipment that remain in accounts payable (*Note 3(b)*)	$ 3,209	$ —

See accompanying notes to these unaudited condensed consolidated financial statements.

Spectrum Pharmaceuticals, Inc.

Notes to Condensed Consolidated Financial Statements
(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)
(Unaudited)

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION, AND OPERATING SEGMENT

(a) Description of Business

Spectrum Pharmaceuticals, Inc. ("Spectrum", the "Company", "we", "our", or "us") is a biopharma company, with a primary strategy comprised of acquiring, developing, and commercializing a broad and diverse pipeline of clinical and commercial products. We have a full in-house development organization including clinical development, regulatory, quality and data management capabilities, as well as commercial and marketing capabilities upon product launch.

We have two drugs in late-stage development:

- Poziotinib, a novel irreversible tyrosine kinase inhibitor under investigation for non-small cell lung cancer ("NSCLC") tumors with various mutations; and
- ROLONTIS, a novel long-acting granulocyte colony-stimulating ("G-CSF") for chemotherapy-induced neutropenia.

We have a technology platform that enables the fusion of an interferon-alpha with a monoclonal anti-body:

- Anti-CD20-IFNa, the first antibody-interferon fusion molecule directed against CD20 from this platform that is in Phase 1 development for treating relapsed or refractory Non-Hodgkin Lymphoma patients (including diffuse large b-cell lymphoma).

Our business strategy is to develop our late stage assets through commercialization, while sourcing additional assets that are synergistic with our existing portfolio through acquisitions, in-licensing, or co-development and marketing arrangements.

(b) Basis of Presentation

Interim Financial Statements

The interim financial data for the three and six months ended June 30, 2019 and 2018 is unaudited and is not necessarily indicative of our operating results for a full year. In the opinion of our management, the interim data includes normal and recurring adjustments necessary for a fair presentation of our financial results for the three and six months ended June 30, 2019 and 2018. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to the U.S. Securities and Exchange Commission ("SEC") rules and regulations relating to interim financial statements. The accompanying Condensed Consolidated Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and Notes thereto included within our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed with the SEC on February 28, 2019).

Discontinued Operations - Sale of our Commercial Product Portfolio

On March 1, 2019, we completed the sale of our seven then-commercialized drugs, including FUSILEV, KHAPZORY, FOLOTYN, ZEVALIN, MARQIBO, BELEODAQ, and EVOMELA (the "Commercial Product Portfolio") to Acrotech Biopharma LLC ("Acrotech") (the "Commercial Product Portfolio Transaction"). Upon closing we received $158.8 million in an upfront cash payment (of which $4 million is held in escrow). We are also entitled to receive up to an aggregate of $140 million upon Acrotech's achievement of certain regulatory (totaling $40 million) and sales-based milestones (totaling $100 million) relating to the Commercial Product Portfolio.

These Condensed Consolidated Financial Statements are recast for all periods presented to reflect the sale of the assets and liabilities associated with our Commercial Product Portfolio, as well as the corresponding revenue-deriving activities and allocable expenses of this commercial business within "discontinued operations" - see *Note 11*. We have presented our face financial statements in general conformity with our historical format, even where presented values are $-0- within continuing

operations due to required discontinued operations classification for all periods presented. We believe this format provides increased clarity and comparability with our previously filed financial statements, as well as our expectation that these financial statement captions and associated footnote disclosures will remain relevant to our future business activities.

Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and with the rules and regulations of the SEC. These financial statements include the financial position, results of operations, and cash flows of Spectrum and its subsidiaries, all of which are wholly-owned. All inter-company accounts and transactions among these legal entities have been eliminated in consolidation. In May 2019, we dissolved Spectrum Pharma Canada, previously consolidated as a "variable interest entity" (as defined under applicable GAAP).

(c) Operating Segment

We operate one reportable operating segment that is focused exclusively on developing (and eventually marketing) oncology and hematology drug products. For the three and six months ended June 30, 2019 and 2018, all of our revenue and operating costs and expenses were solely attributable to these activities (and as applicable, currently and retrospectively classified as "discontinued" within the accompanying Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Operations - see *Note 11*). All of our assets are held in the U.S, except for cash held in certain foreign bank accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires our management to make informed estimates and assumptions that affect our reported amounts of assets, liabilities, revenues, and expenses. These amounts may materially differ from the amounts ultimately realized and reported due to the inherent uncertainty of any estimate or assumption. On an on-going basis, our management evaluates its most critical estimates and assumptions, including those related to: (i) gross-to-net revenue adjustments; (ii) the timing of revenue recognition; (iii) the collectability of customer accounts; (iv) whether the cost of our inventories can be recovered; (v) the realization of our tax assets and estimates of our tax liabilities; (vi) the fair value of our investments; (vii) the valuation of our stock options and the periodic expense recognition of stock-based compensation; and (viii) the potential outcome of our ongoing or threatened litigation.

Our accounting policies and estimates that most significantly impact the presented amounts within these Condensed Consolidated Financial Statements are further described below:

(i) Revenue Recognition

***Impact of the Adoption of the New Revenue Recognition Standard*:** *ASU No. 2014-09*, *Revenue from Contracts with Customers* (*"Topic 606"*), became effective for us on January 1, 2018. Our disclosure within the below sections to this footnote reflects our updated accounting policies that are affected by this new standard. We applied the "modified retrospective" transition method for open contracts for the implementation of *Topic 606;* this resulted in the recognition of an aggregate $4.7 million, net of tax, decrease to our January 1, 2018 "accumulated deficit" on our accompanying Condensed Consolidated Balance Sheets for the cumulative impact of applying this new standard. We made no adjustments to our previously-reported total revenues, as those periods continue to be presented in accordance with our historical accounting practices under *Topic 605, Revenue Recognition ("Topic 605").*

***Required Elements of Our Revenue Recognition*:** Revenue from our (a) product sales, (b) out-license arrangements, and (c) service arrangements is recognized under *Topic 606* in a manner that reasonably reflects the delivery of our goods and/or services to customers in return for expected consideration and includes the following elements:

(1) we ensure that we have an executed contract(s) with our customer that we believe is legally enforceable;

(2) we identify the "performance obligations" in the respective contract;

(3) we determine the "transaction price" for each performance obligation in the respective contract;

(4) we allocate the transaction price to each performance obligation; and

(5) we recognize revenue only when we satisfy each performance obligation.

These five elements, as applied to each of our revenue categories, are summarized below:

(a) Product Sales: We sell our products to pharmaceutical wholesalers/distributors (i.e., our customers). Our wholesalers/distributors in turn sell our products directly to clinics, hospitals, and private oncology-based practices. Revenue from our product sales is recognized as physical delivery of product occurs (when our customer obtains control of the product), in return for agreed-upon consideration.

Our gross product sales (i.e., delivered units *multiplied by* the contractual price per unit) are reduced by our corresponding gross-to-net ("GTN") estimates using the "expected value" method, resulting in our reported "product sales, net" in the accompanying Condensed Consolidated Statements of Operations, reflecting the amount we ultimately expect to realize in net cash proceeds, taking into account our current period gross sales and related cash receipts, and the subsequent cash disbursements on these sales that we estimate for the various GTN categories discussed below. These estimates are based upon information received from external sources (such as written or oral information obtained from our customers with respect to their period-end inventory levels and sales to end-users during the period), in combination with management's informed judgments. Due to the inherent uncertainty of these estimates, the actual amount incurred (of some, or all) of product returns, government chargebacks, prompt pay discounts, commercial rebates, Medicaid rebates, and distribution, data, and GPO administrative fees may be materially above or below the amount estimated, then requiring prospective adjustments to our reported net product sales.

These GTN estimate categories (that comprise our GTN liabilities within *Note 3(g)*) are each discussed below:

Product Returns Allowances: Our customers are contractually permitted to return certain purchased products within the contractual allowable time before/after its expiration date. Returns outside of this aforementioned criteria are not customarily allowed. We estimate expected product returns using our historical return rates. Returned product is typically destroyed since substantially all are due to its expiry and cannot be resold.

Government Chargebacks: Our products are subject to pricing limits under certain federal government programs (e.g., Medicare and 340B Drug Pricing Program). Qualifying entities (i.e., end-users) purchase products from our customers at their qualifying discounted price. The chargeback amount we incur represents the difference between our contractual sales price to our customer, and the end-user's applicable discounted purchase price under the government program. There may be significant lag time between our reported net product sales and our receipt of the corresponding government chargeback claims from our customers.

***Prompt Pay Discounts*:** Discounts for prompt payment are estimated at the time of sale, based on our eligible customers' prompt payment history and the contractual discount percentage.

***Commercial Rebates*:** Commercial rebates are based on (i) our estimates of end-user purchases through a group purchasing organization ("GPO"), (ii) the corresponding contractual rebate percentage tier we expect each GPO to achieve, and (iii) our estimates of the impact of any prospective rebate program changes made by us.

***Medicaid Rebates*:** Our products are subject to state government-managed Medicaid programs, whereby rebates are issued to participating state governments. These rebates arise when a patient treated with our product is covered under Medicaid, resulting in a discounted price for our product under the applicable Medicaid program. Our Medicaid rebate accrual calculations require us to project the magnitude of our sales, by state, that will be subject to these rebates. There is a significant time lag in us receiving rebate notices from each state (generally several months or longer after our sale is recognized). Our estimates are based on our historical claim levels by state, as supplemented by management's judgment.

***Distribution, Data, and GPO Administrative Fees*:** Distribution, data, and GPO administrative fees are paid to authorized wholesalers/distributors of our products for various commercial services including: contract administration, inventory management, delivery of end-user sales data, and product returns processing. These fees are based on a contractually-determined percentage of our applicable sales.

***(b) License Fees*:** Our out-license arrangements allow licensees to market our product(s) in certain territories for a specific term (representing the out-license of "functional intellectual property"). These arrangements may include one or more of the following forms of consideration: (i) upfront license fees, (ii) sales royalties, (iii) sales milestone-achievement fees, and

(iv) regulatory milestone-achievement fees. We recognize revenue for each based on the contractual terms that establish our right to collect payment once the performance obligation is achieved, as follows:

(1) Upfront License Fees: We determine whether upfront license fees are earned at the time of contract execution (i.e., when rights transfer to the customer) or over the actual (or implied) contractual period of the out-license. As part of this determination, we evaluate whether we have any other requirements to provide substantive services that are inseparable from the performance obligation of the license transfer. Our customers' "distinct" rights to licensed "functional intellectual property" at the time of contract execution results in concurrent revenue recognition of all upfront license fees (assuming that there are no other performance obligations at contract execution that are inseparable from this license transfer).

(2) Royalties: Under the "sales-or-usage-based royalty exception" we recognize revenue in the same period that our licensees complete product sales in their territory for which we are contractually entitled to a percentage-based royalty receipt.

(3) Sales Milestones: Under the "sales-or-usage-based royalty exception" we recognize revenue in full within the period that our licensees achieve annual or aggregate product sales levels in their territories for which we are contractually entitled to a specified lump-sum receipt.

(4) Regulatory Milestones: Under the terms of the respective out-license, regulatory achievements may either be our responsibility, or that of our licensee.

- When our licensee is responsible for the achievement of the regulatory milestone, we recognize revenue in full (for the contractual amount due from our licensee) in the period that the approval occurs (i.e., when the "performance obligation" is satisfied by our customer) under the "most likely amount" method. This revenue recognition remains "constrained" (i.e., not recognized) until regulatory approval occurs, given its inherent uncertainty and the requirement of a significant revenue reversal not being probable if achievement does not occur. At each reporting period, we re-evaluate the probability of milestone achievement and the associated revenue constraint; any resulting adjustments would be recorded on a cumulative catch-up basis, thus reflected in our financial statements in the period of adjustment.

- When we are responsible for the achievement of a regulatory milestone, the "relative selling price method" is applied for purposes of allocating the transaction price to our performance obligations. In such case, we consider (i) the extent of our effort to achieve the milestone and/or the enhancement of the value of the delivered item(s) as a result of milestone achievement and (ii) if the milestone payment is reasonable relative to all of the deliverables and payment terms (including other potential milestone consideration) within the arrangement. We have historically assessed the contractual value of these milestones upon their achievement to be identical to the allocation of value of our performance obligations and thus representing the "transaction price" for each milestone at contract inception. We recognize this revenue in the period that the regulatory approval occurs (i.e., when we complete the "performance obligation") under the "most likely amount" method, and revenue recognition is otherwise "constrained" until regulatory approval occurs, given its inherent uncertainty and the requirement of a significant revenue reversal not being probable if achievement does not occur. At each reporting period, we re-evaluate the probability of milestone achievement and the associated revenue constraint; any resulting adjustments would be recorded on a cumulative catch-up basis, thus reflected in our financial statements in the period of adjustment.

(c) Service Revenue: We receive fees under certain arrangements for (i) sales and marketing services, (ii) supply chain services, (iii) research and development services, and (iv) clinical trial management services.

Our rights to receive payment for these services may be established by (1) a fixed-fee schedule that covers the term of the arrangement, so long as we meet ongoing performance obligations, (2) our completion of product delivery in our capacity as a procurement agent, (3) the successful completion of a phase of drug development, (4) favorable results from a clinical trial, and/or (5) regulatory approval events.

We consider whether revenue associated with these service arrangements is reportable each period, based on our completed services or deliverables (i.e., satisfied "performance obligations") during the reporting period, and the terms of the

arrangement that contractually result in fixed payments due to us. The promised service(s) within these arrangements are distinct and explicitly stated within each contract, and our customer benefits from the separable service(s) delivery/completion. Further, the nature of the promise to our customer as stated within the respective contract is to deliver each named service individually (not a transfer of combined items to which the promised goods or services are inputs), and thus are separable for revenue recognition.

(ii) Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits and highly liquid investments with maturities of three months or less from the purchase date. Our restricted cash is currently held in an escrow account as part of our completed Commercial Product Portfolio Transaction (see *Note 1(b)*).

(iii) Marketable Securities

Our marketable securities consist of our holdings in equity securities, mutual funds, bank certificates of deposit ("Bank CDs"), government-related debt securities, and corporate debt securities. Since we classify these investments as "available-for-sale" any (1) realized gains (losses) or (2) unrealized gains (losses) on these securities are respectively recognized in (1) "other income (expense), net" on the accompanying Condensed Consolidated Statements of Operations, or recognized in (2) "accumulated other comprehensive loss as a separate component of stockholder's equity on the accompanying Condensed Consolidated Statements of Stockholders' Equity.

(iv) Accounts Receivable

Our accounts receivable are derived from our product sales and license fees, and do not bear interest. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in our existing accounts receivable. Account balances are charged off against the allowance after appropriate collection efforts are exhausted.

(v) Inventories

We value our inventory at the *lower of* (i) the actual cost of its purchase or manufacture, or (ii) its net realizable value. Inventory cost is determined on the first-in, first-out method. We regularly review our inventory quantities in process of manufacture and on hand. When appropriate, we record a provision for obsolete and excess inventory to derive its new cost basis, which takes into account our sales forecast by product and corresponding expiry dates of each product lot.

Manufacturing costs of drug products that are pending U.S. Food and Drug Administration ("FDA") approval are exclusively recognized through "research and development" expense on the accompanying Condensed Consolidated Statements of Operations.

(vi) Stock-Based Compensation

Stock-based compensation expense for equity awards granted to our employees and members of our Board of Directors is recognized on a straight-line basis over each award's vesting period. Recognized compensation expense is net of an estimated forfeiture rate, representing the percentage of awards that are expected to be forfeited prior to vesting, though is ultimately adjusted for actual forfeitures. We use the Black-Scholes option pricing model to determine the fair value of stock options (as of the date of grant) that have service conditions for vesting. We use the Monte Carlo valuation model to value equity awards (as of the date of grant) that have combined market conditions and service conditions for vesting.

The recognition of stock-based compensation expense and the initial calculation of stock option fair value requires uncertain assumptions, including (a) the pre-vesting forfeiture rate of the award, (b) the expected term that the stock option will remain outstanding, (c) our stock price volatility over the expected term (and that of our designated peer group with respect to certain market-based awards), and (d) the prevailing risk-free interest rate for the period matching the expected term.

With regard to (a)-(d) above: we estimate forfeiture rates based on our employees' overall forfeiture history, which we believe will be representative of future results. We estimate the expected term of stock options granted based on our employees' historical exercise patterns, which we believe will be representative of their future behavior. We estimate the volatility of our common stock on the date of grant based on the historical volatility of our common stock for a look-back period that

corresponds with the expected term. We estimate the risk-free interest rate based upon the U.S. Department of the Treasury yields in effect at award grant, for a period equaling the expected term of the stock option.

(vii) Basic and Diluted Net (Loss) Income per Share

We calculate basic and diluted net (loss) income per share using the weighted average number of common shares outstanding during the periods presented. In periods of a net loss, basic and diluted loss per share are the same. For the diluted earnings per share calculation, we adjust the weighted average number of common shares outstanding to include only dilutive stock options, warrants, and other common stock equivalents outstanding during the period.

(viii) Income Taxes

Deferred tax assets and liabilities are recorded based on the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the financial statements, as well as operating losses and tax credit carry forwards using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain.

We have recorded a valuation allowance to reduce our deferred tax assets, because we believe that, based upon a weighting of positive and negative factors, it is more likely than not that these deferred tax assets will not be realized. If/when we were to determine that our deferred tax assets are realizable, an adjustment to the corresponding valuation allowance would increase our net income in the period that such determination was made.

In the event that we are assessed interest and/or penalties from taxing authorities that have not been previously accrued, such amounts would be included in “benefit (provision) for income taxes from continuing operations” within the accompanying Condensed Consolidated Statements of Operations for the period in which we received the notice.

(ix) Research and Development Costs

Our research and development costs are expensed as incurred (see *Note 9(c)*), or as certain milestone payments become contractually due to our licensors, as triggered by the achievement of clinical or regulatory events.

(x) Fair Value Measurements

We determine measurement-date fair value based on the proceeds that would be received through the sale of the asset, or that we would pay to settle or transfer the liability, in an orderly transaction between market participants. We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Fair value measurements are based on a three-tier hierarchy that prioritizes the inputs used to measure fair value. These tiers include the following:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are publicly accessible at the measurement date.

Level 2: Observable prices that are based on inputs not quoted on active markets, but that are corroborated by market data. These inputs may include quoted prices for similar assets or liabilities or quoted market prices in markets that are not active to the general public.

Level 3: Unobservable inputs are used when little or no market data is available.

3. BALANCE SHEET ACCOUNT DETAIL

The composition of selected financial statement captions that comprise the accompanying Condensed Consolidated Balance Sheets are summarized below:

(a) Cash and Cash Equivalents and Marketable Securities

Notes to Condensed Consolidated Financial Statements
(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)
(Unaudited)

As of June 30, 2019 and December 31, 2018, our "cash and cash equivalents" were held with major financial institutions. As of June 30, 2019, our "marketable securities" include our equity holdings in CASI Pharmaceuticals, Inc. ("CASI"), mutual funds, government-related debt securities, corporate debt securities, and bank certificates of deposits ("bank CDs").

We maintain cash balances in excess of federally insured limits with select financial institutions. To a limited degree, the Federal Deposit Insurance Corporation and other third parties insure these deposits. However, these cash deposits are not insured against the possibility of a complete loss of principal and are inherently subject to the credit risk of the corresponding financial institution.

Our investment policy requires that purchased investments may only be in highly-rated and liquid financial instruments and limits our holdings of any single issuer (excluding any debt or equity securities received from our strategic partners in connection with licensing arrangements, as discussed in *Note 7*).

The carrying amount of our equity securities, money market funds, and Bank CDs approximates their fair value (utilizing "*Level 1"* or "*Level 2"* inputs – see *Note 2(x)*) because of our ability to immediately convert these instruments into cash with minimal expected change in value. As of June 30, 2019, none of the securities that we hold were in an unrealized loss position with respect to our cost basis.

The following is a summary of our presented composition of "cash and cash equivalents" and "marketable securities":

	Historical or Amortized Cost	Foreign Currency Translation	Unrealized Gains	Fair Value	Cash and Cash Equivalents	Marketable Securities
June 30, 2019						
Equity securities* (see *Note 7*)	$ 8,710	$ (4,678)	$ 28,121	$ 32,153	$ —	$ 32,153
Money market funds	72,384	—	—	72,384	72,384	—
Government-related debt securities**	104,440		95	104,535	7,497	97,038
Corporate debt securities**	39,818	—	25	39,843	15,484	24,359
Bank deposits	22,886	—	—	22,886	22,886	—
Bank CDs	6,571	—	13	6,584	—	6,584
Total cash and cash equivalents and marketable securities	$ 254,809	$ (4,678)	$ 28,254	$ 278,385	$ 118,251	$ 160,134
December 31, 2018						
Equity securities* (see *Note 7*)	$ 8,710	$ (2,168)	$ 39,880	$ 46,422	$ —	$ 46,422
Money market funds	142,745	—	—	142,745	142,745	—
Bank deposits	14,735	—	—	14,735	14,735	—
Bank CDs	86	—	—	86	—	86
Total cash and cash equivalents and marketable securities	$ 166,276	$ (2,168)	$ 39,880	$ 203,988	$ 157,480	$ 46,508

* Beginning January 1, 2018, under the requirements of *ASU 2016-01, Recognition and Measurement of Financial Assets and Liabilities*, the unrealized gain (loss) on our CASI equity securities are recognized as an increase (decrease) to "other income (expense), net" on the Condensed Consolidated Statements of Operations (rather than through "other comprehensive income (loss)" on the Condensed Consolidated Statements of Comprehensive (Loss) Income). Our adoption of *ASU 2016-01* on January 1, 2018 resulted in a $17.2 million cumulative-effect adjustment, net of income tax, reported as a decrease to "accumulated other comprehensive loss" and a decrease to "accumulated deficit" on the accompanying Condensed Consolidated Balance Sheets. Our unrealized gain (loss) on these equity securities for the three and six months ended June 30, 2019 was $0.4 million and $(11.8) million, respectively, as reported in "other income (expense), net" on the accompanying Condensed Consolidated Statements of Operations.

** Beginning in the second quarter of 2019, we purchased government and corporate debt securities. We have classified these as "available-for-sale" since we may redeem or sell these investments before their stated maturity to fund our operations. Under the requirements of *ASC 320, Investments - Debt and Equity Securities:* (i) we record these securities at initial "book value" and then amortize, through maturity, the determined "discount" or "premium" within "interest income" on the accompanying Condensed Consolidated Statements of Operations, and (ii) we recognize the "unrealized gains" of these securities (i.e., June 30, 2019 fair value *versus* amortized book value) as a separate component of "accumulated other comprehensive income (loss)" on the accompanying Condensed Consolidated Statements of Comprehensive (Loss) Income for the three and six months ended June 30, 2019.

(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)

(b) Property and Equipment, net of Accumulated Depreciation

"Property and equipment, net of accumulated depreciation" consists of the following:

	June 30, 2019	December 31, 2018
Manufacturing equipment*	$ 3,654	$ —
Computer hardware and software	3,449	3,079
Laboratory equipment	670	635
Office furniture	335	212
Leasehold improvements	2,957	2,957
Property and equipment, at cost	11,065	6,883
(Less): Accumulated depreciation	(6,531)	(6,498)
Property and equipment, net of accumulated depreciation	$ 4,534	$ 385

*This new account was created for our current period and future equipment purchases for ROLONTIS production through our contract manufacturer.

Depreciation expense (included within "total operating costs and expenses" in the accompanying Condensed Consolidated Statements of Operations) for the three and six months ended June 30, 2019 and 2018, was $0.1 million, $0.1 million, $0.1 million and $0.1 million respectively.

(c) Prepaid Expenses and Other Assets

"Prepaid expenses and other assets" consists of the following:

	June 30, 2019	December 31, 2018
Deposits	$ 10,549	$ 6,792
Prepaid insurance	290	782
Prepaid expenses and other assets	$ 10,839	$ 7,574

(d) Other Receivables

"Other receivables" consists of the following:

	June 30, 2019	December 31, 2018
Insurance receivable*	$ 5,674	$ 206
Other miscellaneous receivables (including Medicaid rebate credits and royalty receivables from licensees)	1,926	1,189
Secured promissory note (see *Note 7*)	1,528	1,525
Income tax receivable - current portion	632	643
Interest receivable from marketable securities (see *Note 3(a)*)	414	—
Reimbursements due from development partners for incurred research and development expenses	55	135
Other receivables	$ 10,229	$ 3,698

*This insurance receivable balance represents legal fees and pending settlement offers that are expected to be reimbursed by our insurance carriers.

Notes to Condensed Consolidated Financial Statements
(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)
(Unaudited)

(e) Other Assets

"Other assets" consists of the following:

	June 30, 2019	December 31, 2018
Key employee life insurance – cash surrender value associated with deferred compensation plan (*Note 9(f)*)	$ 7,410	$ 6,274
Income tax receivable - non-current portion*	668	668
Research & development supplies and other	199	246
Other assets	$ 8,277	$ 7,188

* This value represents the non-current portion of the refundable alternative minimum tax credit that is expected to be received over the next few years (see *Note 10*).

(f) Facility and Equipment Under Lease

"Facility and equipment under lease" consists of the following:

	June 30, 2019	December 31, 2018
Office and research facilities	$ 3,379	$ —
Office equipment	463	—
Facility and equipment under lease (*Note 9(a)*)	$ 3,842	$ —

(g) Accounts Payable and Other Accrued Liabilities

"Accounts payable and other accrued liabilities" consists of the following:

	June 30, 2019	December 31, 2018
Trade accounts payable and other	$ 33,593	$ 44,919
Lease liability - current portion (*Note 9(a)*)	642	—
Accrued commercial/Medicaid rebates	3,526	8,371
Accrued product royalty due to licensors	235	4,337
Allowance for product returns	5,309	5,171
Accrued data and distribution fees	753	3,248
Accrued GPO administrative fees	29	296
Accrued inventory management fees	368	388
Allowance for government chargebacks	—	2,730
Accounts payable and other accrued liabilities	$ 44,455	$ 69,460

(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)

Amounts presented within "accounts payable and other accrued liabilities" in the accompanying Condensed Consolidated Balance Sheets for our categories of GTN estimates (see *Note 2(i)*) were as follows:

	Commercial/Medicaid Rebates and Government Chargebacks	Distribution, Data, Inventory and GPO Administrative Fees	Product Return Allowances
Balance as of December 31, 2017	$ 10,358	$ 5,727	$ 4,045
Add: GTN accruals recorded for product sales	65,751	13,962	1,700
(Less): Payments made and credits against GTN accruals	(65,008)	(15,757)	(574)
Balance as of December 31, 2018	$ 11,101	$ 3,932	$ 5,171
Add: GTN accruals recorded for product sales	7,252	1,197	250
(Less): Payments made and credits against GTN accruals	(14,827)	(3,979)	(112)
Balance as of June 30, 2019	$ 3,526	$ 1,150	$ 5,309

(h) Contract Liabilities

"Contract liabilities" consists of the following:

	June 30, 2019	December 31, 2018
Customer deposit for EVOMELA supply in China territory (*see Note 7*)	$ 7,245	$ 4,850
Contract liabilities	$ 7,245	$ 4,850

(i) Other Long-Term Liabilities

"Other long-term liabilities" consists of the following:

	June 30, 2019	December 31, 2018
Deferred compensation liability (*Note 9(f)*)	$ 7,318	$ 5,474
Lease liability - non-current portion (*Note 9(a)*)	3,429	—
Other tax liabilities	176	176
Other long-term liabilities	$ 10,923	$ 5,650

4. STOCK-BASED COMPENSATION

We report our stock-based compensation expense (inclusive of our incentive stock plan, employee stock purchase plan, and 401(k) contribution matching program) in the accompanying Condensed Consolidated Statements of Operations, based on the assigned department of the recipient. Stock-based compensation expense, included within "total operating costs and expenses" for the three and six months ended June 30, 2019 and 2018, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Selling, general and administrative	$ 3,675	$ 2,531	$ 7,326	$ 4,784
Research and development	1,344	650	2,289	1,281
Total stock-based compensation	$ 5,019	$ 3,181	$ 9,615	$ 6,065

5. NET (LOSS) INCOME PER SHARE

Notes to Condensed Consolidated Financial Statements
(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)
(Unaudited)

Net (loss) income per share was computed by dividing net (loss) income by the weighted average number of common shares outstanding for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Basic weighted average shares outstanding	110,345,135	102,597,059	109,744,405	101,747,416
Effect of dilutive securities:				
2013 Convertible Notes (see *Note 8*)	—	3,854,959	—	—
Common stock options	—	3,870,462	—	—
Restricted stock awards	—	1,797,089	—	—
Restricted stock units	—	245,214	—	—
Common stock warrants	—	252,368	—	—
Diluted average shares outstanding	110,345,135	112,617,151	109,744,405	101,747,416
Net (loss) income as reported	$ (28,395)	$ 13,744	$ (47,550)	$ (2,074)
Interest attributable to 2013 Convertible Notes	—	886	—	—
Net (loss) income for diluted earnings per share	$ (28,395)	$ 14,630	$ (47,550)	$ (2,074)
Net (loss) income per share – basic	$ (0.26)	$ 0.13	$ (0.43)	$ (0.02)
Net (loss) income per share – diluted	$ (0.26)	$ 0.13	$ (0.43)	$ (0.02)

The below outstanding securities for the three and six months ended June 30, 2019, and the six months ended June 30, 2018 were excluded from the above calculation of net loss because their impact under the “treasury stock method” and “if-converted method” would have been anti-dilutive due to our net loss per share in each respective period, as summarized below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Common stock options	1,099,016	—	1,467,293	4,396,587
Restricted stock awards	1,790,556	—	1,790,556	1,797,089
Restricted stock units	385,919	—	385,919	245,214
2013 Convertible Notes	—	—	—	3,854,959
Common stock warrants	—	—	—	257,039
Total	3,275,491	—	3,643,768	10,550,888

Notes to Condensed Consolidated Financial Statements
(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)
(Unaudited)

6. FAIR VALUE MEASUREMENTS

The table below summarizes certain asset and liability fair values that are included within our accompanying Condensed Consolidated Balance Sheets, and their designations among the three fair value measurement categories (see *Note 2(x)*):

	June 30, 2019 Fair Value Measurements				
	Level 1	Level 2	Level 3	Total	
Assets:					
Equity securities (*Note 7*)	$ 32,153	$ —	$ —	$ 32,153	
Bank CDs	—	6,584	—	6,584	
Mutual funds	—	30	—	30	
Restricted cash	4,020	—	—	4,020	
Deferred compensation investments (life insurance cash surrender value (*Note 3(e)*)	—	7,410	—	7,410	*
Money market funds	72,384	—	—	72,384	
Government-related debt securities	59,776	44,759	—	104,535	
Corporate debt securities	—	39,843	—	39,843	
	$ 168,333	$ 98,626	$ —	$ 266,959	
Liabilities:					
Deferred compensation liability (*Note 9(f)*)	$ —	$ 7,433	$ —	$ 7,433	*
	$ —	$ 7,433	$ —	$ 7,433	

	December 31, 2018 Fair Value Measurements				
	Level 1	Level 2	Level 3	Total	
Assets:					
Bank CDs	$ —	$ 86	$ —	$ 86	
Money market funds	—	142,745	—	142,745	
Equity securities (*Note 7*)	46,422	—	—	46,422	
Mutual funds	—	78	—	78	
Deferred compensation investments (life insurance cash surrender value (*Note 3(e)*)	—	6,274	—	6,274	*
	$ 46,422	$ 149,183	$ —	$ 195,605	
Liabilities:					
Deferred compensation liability (*Note 9(f)*)	$ —	$ 6,167	$ —	$ 6,167	*
	$ —	$ 6,167	$ —	$ 6,167	

* The reported amount of "deferred compensation investments" is based on the cash surrender value of life insurance policies of named current and former employees at each period-end. The reported amount of "deferred executive compensation liability" is based on the period-end market value of mutual fund investments selected by employee participants of the deferred compensation plan.

We did not have any transfers between *"Level 1"* and *"Level 2"* (see *Note 2(x)*) measurement categories for any periods presented except for "money market funds" included within *Level 1* as of June 30, 2019 that remain presented within *Level 2* as of December 31, 2018. We believe this change is appropriate since these money market funds have quoted daily prices in active markets that are publicly accessible.

Our carrying amounts of financial instruments such as cash equivalents, prepaid expenses, accounts payable, and accrued liabilities approximate their related fair values due to their short-term nature.

7. CASI HOLDINGS AND EVOMELA SUPPLY CONTRACT

Overview of CASI Transaction

In 2014, we executed three perpetual out-license agreements for our former products ZEVALIN, MARQIBO, and EVOMELA ("CASI Out-Licensed Products") with CASI, a publicly-traded biopharmaceutical company (NASDAQ: CASI) with a primary focus on the China market (collectively, the "CASI Out-License"). Under the CASI Out-License, we received

(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)

CASI common stock and a secured promissory note and CASI gained the exclusive rights to distribute the CASI Out-Licensed Products in greater China (which includes Taiwan, Hong Kong and Macau).

On March 1, 2019, we completed the Commercial Product Portfolio Transaction (see *Note 1(b)*) and substantially all of the contractual rights and obligations associated with these products, including the CASI Out-License, were transferred to Acrotech at closing. However, we will tentatively supply CASI with EVOMELA under an active contract not yet assumed by Acrotech (see *Note 3(h)*). After we fulfill this open order, Acrotech will assume all future supply of this product to CASI and we will not have any further involvement with this arrangement.

Our Ownership in CASI at June 30, 2019

Under certain conditions that expired in December 2017, we exercised our rights during 2016 and 2017 to purchase additional shares of CASI common stock at par value in order to maintain our post-investment ownership percentage. Our aggregate holding of 10.0 million CASI common shares as of June 30, 2019 represented an approximate 10.5% ownership with a fair market value of $32.2 million (see *Note 3(a)*). In April 2019, we completed the sale of 1.5 million of these shares under a forward-sales contract and recognized a $2.7 million gain within "other income (expense), net" within the accompanying Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019.

8. CONVERTIBLE SENIOR NOTES AND INTEREST EXPENSE

Overview of 2013 Convertible Notes

On December 17, 2013, we entered into an agreement for the sale of $120 million aggregate principal amount of 2.75% Convertible Senior Notes (the "2013 Convertible Notes"). During 2016 and 2017 we completed certain open market purchases to retire $79.5 million of principal. Maturity of the 2013 Convertible Notes occurred on December 15, 2018 and substantially all remaining notes were converted into our common stock at a rate of 95 shares per $1,000 principal units.

Components of Interest Expense on 2013 Convertible Notes

The following table sets forth the components of interest expense recognized in the accompanying Condensed Consolidated Statements of Operations for the 2013 Convertible Notes.

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Stated coupon interest expense	$ 279	$ 558
Amortization of debt issuance costs	62	124
Accretion of debt discount	545	1,079
Total	$ 886	$ 1,761
Effective interest rate	8.4%	8.4%

9. FINANCIAL COMMITMENTS & CONTINGENCIES AND KEY LICENSE AGREEMENTS

(a) Facility and Equipment Leases

Overview

In the ordinary course of our business, we enter into leases with unaffiliated parties for the use of (i) office and research facilities and (ii) office equipment. Our current leases have remaining terms ranging from less than one year to five years. None include any residual value guarantees, restrictive covenants, term extension, or early-termination options.

Our facility leases have minimum annual rents, payable monthly, and some carry fixed annual rent increases. Under some of these arrangements, real estate taxes, insurance, certain operating expenses, and common area maintenance are reimbursable to the lessor. These amounts are expensed as incurred, as they are variable in nature and therefore excluded from the

(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)

measurement of our reported lease asset and liability discussed below. During the three and six months ended June 30, 2019 and 2018, we had no sublease arrangements.

Adoption of the New Lease Accounting Standard

Beginning January 1, 2019, we adopted *ASU 2016-02, Leases* ("*Topic 842*"). Under this new lease accounting standard, we recognized a "right-of-use asset" and "lease liability" on our accompanying Condensed Consolidated Balance Sheets for all leases (except for any lease with an original term of less than 12 months). We elected the "optional transition method" upon adoption of *Topic 842* and the available practical expedients. Accordingly, we did not reassess (i) lease classification (as either operating or financing) or (ii) initial direct costs for existing leases.

This reported asset and liability, respectively, represents (i) the economic benefit of our use of leased facilities and equipment and (ii) the present-value of our contractual minimum lease payments, applying our estimated incremental borrowing rate as of the lease commencement date (since an implicit interest rate is not readily determinable in any of our leases). We recorded $4.2 million to our January 1, 2019 balance sheet for both (i) our right-of-use asset within "facility and equipment under lease" and (ii) our lease liability within "accounts payable and accrued liabilities" and "other long-term liabilities." The recorded asset and liability associated with each lease is amortized over the respective lease term using the "effective interest rate" method.

We elected to (1) not separate "lease components" from "non-lease components" in our measurement of minimum payments for (i) facility leases and (ii) office equipment leases and (2) not recognize a lease asset and liability for a term of 12 months or less.

We recognize lease expense on a straight-line basis over the expected term of these operating leases, as reported within "selling, general and administrative" expense on the accompanying Condensed Consolidated Statement of Operations. For the three and six months ended June 30, 2019 and 2018, this expense aggregated $0.6 million, $0.4 million, $1.1 million and $0.9 million, respectively.

Financial Reporting Captions

The below table summarizes these lease asset and liability accounts presented on our accompanying Condensed Consolidated Balance Sheets:

Operating Leases*	**Condensed Consolidated Balance Sheet Caption**	**Balance as of June 30, 2019**
Operating lease right-of-use assets - non-current	Facility and equipment under lease	$ 3,842
Operating lease liabilities - current	Accounts payable and other accrued liabilities	$ 642
Operating lease liabilities - non-current	Other long-term liabilities	3,429
Total operating lease liabilities		$ 4,071

* As of June 30, 2019, we have no "finance leases" as defined in *Topic 842*.

Components of Lease Expense

We recognize lease expense on a straight-line basis over the term of our operating leases, as reported within "selling, general and administrative" expense on the accompanying Condensed Consolidated Statement of Operations. The components

(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)

of our aggregate lease expense is summarized below:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease cost	$ 459	$ 851
Variable lease cost	108	215
Short-term lease cost	15	39
Total lease cost	$ 582	$ 1,105

Weighted Average Remaining Lease Term and Applied Discount Rate

	Weighted Average Remaining Lease Term	Weighted Average Discount Rate
Operating leases as of June 30, 2019	3 years	7.8%

Future Contractual Lease Payments as of June 30, 2019

The below table summarizes our (i) minimum lease payments over the next five years, (ii) lease arrangement implied interest, and (iii) present value of future lease payments:

Operating Leases - future payments	June 30, 2019
2019 (remaining)	$ 775
2020	1,442
2021	1,465
2022	828
2023	87
Total future lease payments, undiscounted	$ 4,597
Less: Implied interest	(526)
Present value of operating lease payments	$ 4,071

Contractual Lease Payments as of December 31, 2018

The below is required tabular disclosure for comparative purposes with our current period-end balance sheet date above:

Operating Leases - future payments	December 31, 2018
2019	1,486
2020	1,441
2021	1,465
2022	828
2023 and thereafter	87
	$ 5,308

(b) In/Out Licensing Agreements and Co-Development Arrangements

Overview

The in-license agreements for our development-stage drug products provide us with territory-specific rights to their manufacture and distribution (including further sub-licensing/out-licensing rights). We are generally responsible for all related clinical development costs, patent filings and maintenance costs, marketing costs, and liability insurance costs. We are also obligated to make specified milestone payments to our licensors upon the achievement of certain regulatory and sales milestones, and to pay royalties based on our net sales of all in-licensed products. We also may enter into out-license agreements for territory-specific rights to these drug products which include one or more of: upfront license fees, royalties from our licensees' sales, and/or milestone payments from our licensees' sales or regulatory achievements. For certain drug products, we may enter into cost-sharing arrangements with licensees and licensors.

Impact of Commercial Product Portfolio Transaction on Rights and Obligations associated with the Product Portfolio

On March 1, 2019, we completed the Commercial Product Portfolio Transaction and substantially all of the contractual rights and obligations associated with the Product Portfolio that were previously disclosed in *Note 17(b)* to our 2018 Annual Report on Form 10-K were transferred to Acrotech at closing. However, under the terms of this transaction we retained our trade "accounts receivable" and GTN liabilities included within "accounts payable and other accrued liabilities" (see *Note 3(g)*) associated with our product sales made on and prior to February 28, 2019.

Accordingly, these Condensed Consolidated Financial Statements are recast for all periods presented to reflect the sale of the assets and liabilities associated with our Product Portfolio, as well as the corresponding revenue-deriving activities and allocable expenses of this commercial business within "discontinued operations" - see *Notes 1* and *11*. The most significant remaining agreements associated with our *continuing operations* are listed below, along with the key financial terms and our corresponding accounting and reporting conventions for each:

(i) ROLONTIS: Co-Development and Commercialization Agreement with Hanmi Pharmaceutical Co. Ltd

In October 2014, we exercised our option under a License Option and Research Collaboration Agreement dated January 2012 (as amended) with Hanmi Pharmaceutical Co. Ltd., or Hanmi, for ROLONTIS (formerly referred to as "LAPS-G-CSF" or "SPI-2012"), a drug based on Hanmi's proprietary LAPSCOVERY™ technology for the treatment of chemotherapy induced neutropenia. Under the terms of this agreement, as amended, we have primary financial responsibility for the ROLONTIS development plan and hold its worldwide rights (except for Korea, China, and Japan). We are contractually obligated to pay Hanmi tiered royalties that range from the low double-digits to mid-teen on our net sales of ROLONTIS.

In January 2016, the first patient was dosed with ROLONTIS as part of our clinical trial. This triggered our contractual milestone payment to Hanmi, and in April 2016, we issued 318,750 shares of our common stock to Hanmi. We are responsible for further contractual payments upon the achievement, at our expense, of a regulatory milestone for $10 million and sales milestones of up to $120 million per calendar year.

Depending on the nature of the milestone achievement we will either (a) capitalize the value to "intangible assets" in the Consolidated Balance Sheets or (b) recognize the value within "research and development" or "cost of product sales" within Consolidated Statements of Operations. The corresponding payment due to this licensor will be recognized in the Consolidated Balance Sheets within "accounts payable and other accrued liabilities" in the earliest period that we determine the respective milestone achievement is probable or occurs.

(ii) Poziotinib: In-License Agreement with Hanmi and Exclusive Patent and Technology License Agreement with MD Anderson

In February 2015, we executed an in-license agreement with Hanmi for poziotinib, a pan-HER inhibitor in Phase 2 clinical trials, (which has also shown single agent activity in the treatment of various cancer types during Phase 1 studies, including breast, gastric, colorectal, and lung cancers) and made an upfront payment for these rights.

Under the terms of this agreement, we received the exclusive rights to commercialize poziotinib, excluding Korea and China. Hanmi and its development partners are fully responsible for the completion of on-going Phase 2 trials in Korea. We are financially responsible for all other clinical studies. We are contractually obligated to make payments to Hanmi upon the achievement, at our expense, of various regulatory milestones aggregating $33 million and sales milestones of up to $325 million. We are also contractually obligated to pay Hanmi royalties in the low to mid-teen digits on our net sales of poziotinib, potentially reduced by royalties due to other third parties.

Depending on the nature of the milestone achievement we will either (a) capitalize the value to "intangible assets" in the Consolidated Balance Sheets or (b) recognize the value within "research and development" or "cost of product sales" within Consolidated Statements of Operations. The corresponding payment due to this licensor will be recognized in the Consolidated

Balance Sheets within "other accrued liabilities" in the earliest period that we determine the respective milestone achievement is probable or occurs.

In April 2018, we executed an exclusive patent and technology agreement for the use of poziotinib in treating patients with EGFR and HER2 exon 20 mutations in cancer and HER2 exon 19 mutations in cancer with The University of Texas M.D. Anderson Cancer Center ("MD Anderson") that had discovered its use in treating these patient-types ("Exon 19/20 Patients") and made an upfront payment for these rights.

We are contractually obligated to pay nominal fixed annual license maintenance fees to MD Anderson and pay additional fees upon the achievement, at our expense, of various regulatory milestones aggregating $9 million and sales milestones of up to $30 million. We are also contractually obligated to pay MD Anderson royalties in the low single-digits on our net sales of poziotinib, potentially reduced by royalties due to other third parties.

Depending on the nature of the milestone achievement we will either (a) capitalize the value to "intangible assets" in the Consolidated Balance Sheets or (b) recognize the value within "research and development" or "cost of product sales" within Consolidated Statements of Operations. The corresponding payment due to this licensor will be recognized in the Consolidated Balance Sheets within "accounts payable and other accrued liabilities" in the earliest period that we determine the respective milestone achievement is probable or occurs.

(iii) In-License Agreement with ImmunGene for FIT Drug Delivery Platform and Two Early-Stage Drugs

In April 2019, we executed an asset transfer, license, and sublicense agreement with ImmunGene, Inc. ("ImmunGene") for an exclusive license for the intellectual property related to the Focused Interferon Therapeutics ("FIT") drug delivery platform and two early-stage drugs: (i) Anti-CD20-IFNa, an antibody-interferon fusion molecule directed against CD20 that is in Phase 1 development for treating relapsed or refractory non-Hodgkin lymphoma, including diffuse large b-cell lymphoma patients, representing a considerable unmet medical need and (ii) an antibody-interferon fusion molecule directed against GRP94, a target for which currently there are no existing approved therapies that has the potential for treating both solid and hematologic malignancies.

We made upfront payments aggregating $2.8 million to ImmunGene and to several other third parties, all of which were recorded within "research and development" expense within our accompanying Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019. We will make further payments to ImmunGene upon our achievement, at our expense, of various regulatory milestones that aggregate $26.1 million, plus an additional $5 million milestone payment for each new indication (beyond those described above) approved for either drug in the U.S., Europe, or Japan.

Our contractual royalties to ImmunGene are in the high-single digits on our net sales of each drug, potentially reduced by our royalties due to other third parties. We are also contractually obligated to pay nominal fixed annual license maintenance fees to two FIT platform licensors.

Depending on the nature of the milestone achievement we will either (a) capitalize the value to "intangible assets" in the Consolidated Balance Sheets or (b) recognize the value within "research and development" or "cost of product sales" within Consolidated Statements of Operations. The corresponding payment due to this licensor will be recognized in the Consolidated Balance Sheets within "accounts payable and other accrued liabilities" in the earliest period that we determine the respective milestone achievement is probable or occurs.

(c) Service Agreements for Research and Development Activities

We have entered into various contracts with numerous third party service providers for the execution of our research and development initiatives (to which we assign discreet project codes in order to compile and monitor such expenses). These vendors include raw material suppliers and contract manufacturers for drug products not yet FDA approved, clinical trial sites, clinical research organizations, and data monitoring centers, among others. The financial terms of these agreements are varied and generally obligate us to pay in stages, depending on the achievement of certain events specified in the agreements - such as contract execution, progress of service completion, delivery of drug supply, and the dosing of patients in clinical studies.

We recognize these "research and development" expenses and corresponding "accounts payable and other accrued liabilities" in the accompanying financial statements based on estimates of our vendors' progress of performed services, patient enrollments and dosing, completion of clinical studies, and other events. Should we decide to discontinue and/or slow-down the work on any project, the associated costs for those projects would typically be limited to the extent of the work completed, as we are generally able to terminate these contracts with adequate notice.

(d) Supply and Service Agreements Associated with Product Production

We have entered into various agreements and/or have issued purchase orders to vendors which obligate us to agreed-upon raw material purchases from certain vendors and purchase drug production services through designated contract manufacturers. These commitments do not exceed our planned commercial requirements and the contracted prices for these goods and services do not exceed current fair market values.

(e) Employment Agreements

We entered into revised employment agreements with each of our named executive officers (chief executive officer, chief operating officer, chief financial officer, chief legal officer, and chief medical officer) in April/June 2018 and June 2019, which supersede any prior Change in Control Severance Agreements with such individuals. These agreements provide for the payment of certain benefits to each executive upon his separation of employment under specified circumstances. These arrangements are designed to encourage each to act in the best interests of our stockholders at all times during the course of a change in control event or other significant transaction.

(f) Deferred Compensation Plan

The Spectrum Pharmaceuticals, Inc. Deferred Compensation Plan (the "DC Plan") is administered by the Compensation Committee of our Board of Directors and is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.

The DC Plan is maintained to provide special benefits for a select group of our employees (the "DC Participants"). DC Participants make annual elections to defer a portion of their eligible cash compensation which is then placed into their DC Plan accounts. We match a fixed percentage of these deferrals, and may make additional discretionary contributions. At June 30, 2019 and December 31, 2018, the aggregate value of this DC Plan liability was $7.4 million and $6.2 million, respectively, and is included within "accounts payable and other accrued liabilities" and "other long-term liabilities" in the accompanying Condensed Consolidated Balance Sheets.

(g) Litigation

We are involved from time-to-time with various legal matters arising in the ordinary course of business. These claims and legal proceedings are of a nature we believe are normal and incidental to a pharmaceutical business, and may include product liability, intellectual property, employment matters, and other general claims. We may also be subject to derivative lawsuits from time to time.

We make provisions for liabilities when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Such provisions are assessed at least quarterly and adjusted to reflect the impact of any settlement negotiations, judicial and administrative rulings, advice of legal counsel, and other information and events pertaining to a particular case. Litigation is inherently unpredictable. Although the ultimate resolution of these various matters cannot be determined at this time, we do not believe that such matters, individually or in the aggregate, will have a material adverse effect on our consolidated results of operations, cash flows, or financial condition.

Stockholder Litigation

Olutayo Ayeni v. Spectrum Pharmaceuticals, Inc., et al. (Filed September 21, 2016 in the United States District Court, Central District of California; Case No. 2:16-cv-07074) (the "Ayeni Action") and Glen Hartsock v. Spectrum Pharmaceuticals, Inc., et al. (Filed September 28, 2016 in the United States District Court, District Court of Nevada Case; No. 2:16-cv-02279-RFB-GWF) (the "Hartsock Action"). On November 15, 2016, the Ayeni Action was transferred to the United States District Court for the District of Nevada. The parties have stipulated to a consolidation of the Ayeni Action with the Hartsock Action. These class action lawsuits allege that we and certain of our executive officers made false or misleading statements and failed to disclose material facts about our business and the prospects of approval for our New Drug Application to the FDA for QAPZOLA in violation of Section 10(b) (and Rule 10b-5 promulgated thereunder) and 20(a) of the Securities Exchange Act of 1934, as amended.

On July 23, 2019, we entered into a memorandum of understanding with these plaintiffs for a collective settlement that is pending court approval. The value of this proposed settlement is included within "other receivables" (see *Note 3(d)*) and "accounts payable and other accrued liabilities" on the accompanying June 30, 2019 Condensed Consolidated Balance Sheet.

10. INCOME TAXES

We apply an estimated annual effective tax rate ("ETR") approach for calculating a tax provision for interim periods, as required under GAAP. We recorded a benefit for income taxes from continuing operations of $8.5 million and $0.7 million for the six months ended June 30, 2019 and 2018, respectively. Our ETR differs from the U.S. federal statutory tax rate of 21% primarily as a result of nondeductible expenses and the impact of the valuation allowance on our deferred tax assets.

Our provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for the expected future tax benefit to be derived from tax loss and credit carryforwards. Deferred tax assets and liabilities are determined using the enacted tax rates in effect for the years in which those tax assets are expected to be realized. A valuation allowance is established when it is more likely than not the future realization of all or some of the deferred tax assets will not be achieved. The evaluation of the need for a valuation allowance is performed on a jurisdiction by jurisdiction basis, and includes a review of all available positive and negative evidence. We recognize the impact of a tax position in our financial statements only if that position is more likely than not to be sustained upon examination by taxing authorities, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions will be reflected in income tax expense.

The intraperiod tax allocation guidance requires that we allocate income taxes between continuing operations and other categories of earnings. When we have a year-to-date pre-tax loss from continuing operations and year-to-date pre-tax income in discontinued operations, applicable GAAP (*ASC 740-20-45-7*) requires that we allocate the income tax provision to other categories of earnings (including discontinued operations), and then record a related tax benefit in continuing operations. For the six months ended June 30, 2019 and 2018, we recognized net income from discontinued operations while sustaining losses from continuing operations. Because of the required allocation, we recorded an income tax benefit for the six months ended June 30, 2019 and 2018 of $8.5 and $0.7 million, respectively, within "benefit (provision) for income taxes from continuing operations" and income tax expense of $7.0 million and $0.7 million, respectively, within "income (loss) from discontinued operations, net of income taxes" on the accompanying Condensed Consolidated Statements of Operations. For the three months ended June 30, 2019 and 2018, we recorded an income tax benefit of $0.2 million and income tax expense of $0.4 million, respectively, within "benefit (provision) for income taxes from continuing operations," and income tax expense of $0.2 million and income tax benefit of $0.4 million, respectively, within "income (loss) from discontinued operations, net of income taxes" on the accompanying Condensed Consolidated Statements of Operations.

Our net tax benefit for the three and six months ended June 30, 2019, prior to the application of intraperiod tax allocation guidance was $0 and $1.5 million, respectively. The $1.5 million tax benefit arose from the reversal of deferred tax liabilities recorded on our Consolidated Balance Sheets as of December 31, 2018 that were associated with indefinite-lived intangible assets that were sold as part of our Commercial Product Portfolio Transaction. The tax expense for the three and six months ended June 30, 2018, prior to the application of intraperiod tax allocation guidance was $3 thousand and $6 thousand, respectively.

11. DISCONTINUED OPERATIONS

Overview

On March 1, 2019, we completed the Commercial Product Portfolio Transaction -- see *Note 1(b)* (as we first announced on January 17, 2019 on Form 8-K, upon the signing of a definitive asset purchase agreement).

In accordance with applicable GAAP (*ASC 205-20, Presentation of Financial Statements*), the revenue-deriving activities and allocable expenses of our sold commercial operation, as well as the assets and liabilities connected to the Commercial Product Portfolio, are separately classified as "discontinued" for all periods presented within the accompanying Condensed Consolidated Statement of Operations and Condensed Consolidated Balance Sheet.

Condensed Consolidated Statement of Operations

Notes to Condensed Consolidated Financial Statements
(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)
(Unaudited)

The following table presents the various elements of "income from discontinued operations, net of income taxes" as reported in the accompanying Condensed Consolidated Statement of Operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Product sales, net***	$ (1,245)	$ 23,753	$ 12,938	$ 51,863
License fees and service revenue	—	415	290	2,799
Total revenues	$ (1,245)	$ 24,168	$ 13,228	$ 54,662
Operating costs and expenses:				
Cost of sales (excluding amortization of intangible assets)	433	6,606	3,601	13,420
Selling, general and administrative	(61)	7,060	5,890	14,549
Research and development	255	4,893	2,791	9,422
Amortization of intangible assets	—	6,934	1,248	13,880
Restructuring - employee severance (*Note 12*)****	(2,439)	—	3,858	—
Total operating costs and expenses	$ (1,812)	$ 25,493	$ 17,388	$ 51,271
Income (loss) from discontinued operations	$ 567	$ (1,325)	$ (4,160)	$ 3,391
Other (expense) income:				
Change in fair value of contingent consideration	—	(192)	(1,478)	(483)
Gain on sale of Commercial Product Portfolio*	—	—	33,644	—
Total other (expense) income	$ —	$ (192)	$ 32,166	$ (483)
Income (loss) from discontinued operations before income taxes	567	(1,517)	28,006	2,908
(Provision) benefit for income taxes from discontinued operations**	(179)	367	(6,953)	(703)
Income (loss) from discontinued operations, net of income taxes	$ 388	$ (1,150)	$ 21,053	$ 2,205

*This pre-tax gain on sale represents the $158.8 million proceeds from the Commercial Product Portfolio Transaction *less* our $121.2 book value of transferred net assets (inclusive of assumed liabilities) to Acrotech on the March 1, 2019 closing date, *less* legal and banker fees for the six months ended June 30, 2019 aggregating $3.9 million.

**This income tax provision (benefit) represents an allocation of taxes as required under intraperiod allocation guidance (see *Note 10*). Due to our aggregate net operating loss-carryforwards, no federal or state income tax payments are expected to be made relating to our current year activity, inclusive of our recognized gain on sale of the Commercial Product Portfolio.

***The "Product sales, net" is inclusive of our commercial product sales for January and February 2019, as well as recognized EVOMELA product sales during the second quarter of 2019 to a single customer under an active contract not yet assumed by Acrotech (see *Note 7*). The negative revenue value for the second quarter of 2019 reflects actual government chargeback claims we received during the three months ended June 30, 2019 that were in excess of our estimated allowance for government chargebacks (see *Note 3(g)*).

****The "Restructuring - employee severance" negative value in the second quarter of 2019 reflects a current period reclassification to continuing operations "selling, general and administrative" and "research and development" expenses within the accompanying Statements of Operations. This $2.4 million amount was previously included within "income (loss) from discontinued operations, net of income taxes" in the first quarter of 2019.

Condensed Consolidated Balance Sheets

Accounts receivable derived from our product sales on and prior to February 28, 2019 were not transferred to Acrotech as part of Commercial Product Portfolio Transaction, nor were our GTN liabilities and trade accounts payable assumed by Acrotech that were associated with our commercial activities on and prior to February 28, 2019 (see *Note 3(g)*). Accordingly, these specific assets and liabilities remain presented within "accounts receivable, net of allowance for doubtful accounts" and "accounts payable and other accrued liabilities" on the accompanying Condensed Consolidated Balance Sheets.

The following table presents a summary of our "discontinued operations, assets" and "discontinued operations, liabilities" as of December 31, 2018 within the accompanying Condensed Consolidated Balance Sheets (representing those assets and

(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)

liabilities transferred to Acrotech as part of the Commercial Product Portfolio Transaction):

	December 31, 2018
Inventories	$ 3,550
Prepaid expenses and other assets	2,005
Discontinued operations, current assets	$ 5,555
Intangible assets, net of accumulated amortization	111,594
Goodwill	18,061
Other assets	2,970
Discontinued operations, non-current assets	$ 132,625
FOLOTYN development liability	2,311
Discontinued operations, current liabilities	$ 2,311
FOLOTYN development liability, less current portion	9,686
Acquisition-related contingent obligations	4,345
Discontinued operations, non-current liabilities	$ 14,031

Condensed Consolidated Statement of Cash Flows

The following table presents significant non-cash items for our discontinued operations that are included as adjustments in the accompanying Condensed Consolidated Statements of Cash Flows:

	Six Months Ended June 30,	
	2019	2018
Depreciation and amortization	$ 1,263	$ 13,925
Stock-based compensation	$ 3,404	$ 3,146
Change in fair value of contingent consideration	$ 1,311	$ 291

12. RESTRUCTURING COSTS RELATED TO SALE OF COMMERCIAL PRODUCT PORTFOLIO

Employee Severance

On March 1, 2019, we completed the Commercial Product Portfolio Transaction (see *Note 1(b)*) and 87 of our employees were (1) terminated March 1, 2019 or (2) given notice of May 31, 2019 termination and asked to provide transition services for the benefit of Acrotech through that date (as provided by a transition services agreement with Acrotech entered contemporaneously with our sale). For the three and six months ended June 30, 2019, we recognized $0.5 million and $0.7 million of income for services rendered to Acrotech under this agreement within “other income (expense), net” on our accompanying Condensed Consolidated Statements of Operations.

The employees in (1) above were entitled to cash severance payments and acceleration of their unvested restricted stock awards and stock options. For the six months ended June 30, 2019, we fully recognized the aggregate value of $5.1 million for this severance benefit, of which $3.9 million, $1.0 million, and $0.2 million is included on the accompanying Condensed Consolidated Statements of Operations within “income from discontinued operations, net of income taxes” (see *Note 11*), “selling, general, and administrative” expenses and “research and development” expenses, respectively.

The employees in (2) above were also entitled to cash severance payments and acceleration of their unvested restricted stock awards and stock options, though on May 31, 2019. The aggregate value of these one-time cash payments and stock-based award accelerations was $0.5 million. Due to then ongoing service requirements of these employees, we amortized this value through expense on a ratable basis beginning March 1, 2019 through May 31, 2019. For the three and six months ended

(all tabular amounts presented in thousands, except share, per share, interest rate, and number of years)

June 30, 2019, we recognized $0.3 million and $0.5 million for this severance benefit, which is included within "selling, general, and administrative" expenses on the accompanying Condensed Consolidated Statements of Operations, and within "accrued payroll and benefits" and "additional paid-in capital" (for stock-based awards) on the accompanying Condensed Consolidated Balance Sheets.

Unpaid cash severance for our former employees was $0.4 million at June 30, 2019, and is recorded within "accrued payroll and benefits" on the accompanying Condensed Consolidated Balance Sheets.

13. STOCKHOLDERS' EQUITY

Sale of Common Stock Under ATM Agreement

We entered into a new collective at-market-issuance (ATM) sales agreement with Cantor Fitzgerald & Co., H.C. Wainwright & Co., LLC and B. Riley FBR, Inc. (the "April 2019 ATM Agreement") connected to our automatic shelf registration statement on Form S-3ASR, filed with the SEC on April 5, 2019.

The April 2019 ATM Agreement allows us to raise aggregate gross proceeds of $150 million from the periodic sales of our common stock on the public market. During the three months ended June 30, 2019, we raised aggregate net proceeds of $1.8 million under this ATM. These proceeds and any future proceeds raised will support the advancement of our in-development drug candidates, activities in connection with the launch of our in-development drug candidates, including hiring and building inventory supply, making acquisitions of assets, businesses, companies or securities, capital expenditures, and for working capital.

Description of Financing Transaction	No. of Common Shares Issued	Proceeds Received (Net of Broker Commissions and Fees)
Common shares issued pursuant to the April 2019 ATM Agreement during the three months ended June 30, 2019	221,529	$ 1,814

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, statements regarding our future product development activities and costs, the revenue potential (licensing, royalty and sales) of our products and product candidates, the success, safety and efficacy of our drug products, revenues, development timelines, product acquisitions, accounting principles, litigation expenses, liquidity and capital resources and trends, and other statements containing forward-looking words, such as, "believes," "may," "could," "will," "expects," "intends," "estimates," "anticipates," "plans," "seeks," "continues," or the negative thereof or variation thereon or similar terminology (although not all forward-looking statements contain these words). Such forward-looking statements are based on the reasonable beliefs of our management as well as assumptions made by and information currently available to our management. Readers should not put undue reliance on these forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified; therefore, our actual results may differ materially from those described in any forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in our periodic reports filed with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as well as those discussed elsewhere in this Quarterly Report on Form 10-Q, and the following factors:

- our ability to successfully develop, obtain regulatory approval, and market our products;
- the approval, or timing of approval, of our products or new indications for our products by the U.S. Food and Drug Administration (the "FDA") and other international regulatory agencies;
- the timing and/or results of pending or future clinical trials, and our reliance on contract research organizations;
- our ability to maintain sufficient cash resources to fund our business operations;
- our competitors' progress with their drug development programs, which could adversely impact the perceived or actual value of our in-development drugs;
- the ability of our manufacturing partners to meet our product demands and timelines;
- our ability to identify and acquire new product candidates and to successfully integrate those product candidates into our operations;
- our ability to protect our intellectual property rights;
- the impact of legislative or regulatory reform on the pricing for pharmaceutical products;
- the impact of any litigation to which we are, or may become a party;
- our ability, and that of our suppliers, development partners, and manufacturing partners, to comply with laws, regulations and standards that govern or affect the pharmaceutical and biotechnology industries; and
- our ability to maintain the services of our key executives and other personnel.

All subsequent written and oral forward-looking statements attributable to us or by persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. We expressly disclaim any intent or obligation to update information contained in any forward-looking statement after the date thereof to conform such information to actual results or to changes in our opinions or expectations.

Company Overview

Spectrum Pharmaceuticals, Inc. ("Spectrum", the "Company", "we", "our", or "us") is a biopharma company, with a primary strategy comprised of acquiring, developing, and commercializing a broad and diverse pipeline of clinical and commercial products. We have a full in-house development organization including clinical development, regulatory, quality and data management capabilities, as well as commercial and marketing capabilities upon product launch.

We have two drugs in late-stage development:

- Poziotinib, a novel irreversible tyrosine kinase inhibitor under investigation for non-small cell lung cancer ("NSCLC") tumors with various mutations; and
- ROLONTIS, a novel long-acting granulocyte colony-stimulating ("G-CSF") for chemotherapy-induced neutropenia.

We have a technology platform that enables the fusion of an interferon-alpha with a monoclonal anti-body:

- Anti-CD20-IFNa, the first antibody-interferon fusion molecule directed against CD20 from this platform that is in Phase 1 development for treating relapsed or refractory Non-Hodgkin Lymphoma patients (including diffuse large b-cell lymphoma).

Our business strategy is to develop our late stage assets through commercialization, while sourcing additional assets that are synergistic with our existing portfolio through acquisitions, in-licensing, or co-development and marketing arrangements.

Recent Highlights of Our Business, Product Development Initiatives, and Regulatory Approvals

During the six months ended June 30, 2019, we continued our strategic shift in our business following the completion of the sale of our legacy commercialized drug portfolio. We also continued to make meaningful progress in the advancement of our product pipeline, as summarized below:

Sale of Our Commercial Product Portfolio:

On March 1, 2019, we completed the sale of our seven then-commercialized drugs, including: FUSILEV, KHAPZORY, FOLOTYN, ZEVALIN, MARQIBO, BELEODAQ, and EVOMELA (the "Commercial Product Portfolio") to Acrotech Biopharma LLC ("Acrotech") (the "Commercial Product Portfolio Transaction"). Upon the closing of the Commercial Product Portfolio Transaction, we received $158.8 million in an upfront cash payment (of which $4 million is held in escrow). We are also entitled to receive up to an aggregate of $140 million upon Acrotech's achievement of certain regulatory and sales-based milestones relating to this Product Portfolio.

Poziotinib, an irreversible tyrosine kinase inhibitor:

In September 2018, we announced preliminary poziotinib data from the University of Texas, MD Anderson Cancer Center ("MD Anderson") Phase 2 NSCLC study which were released during an oral presentation at the IASLC 19th World Conference on Lung Cancer. The MD Anderson study is the single largest data set of patients with an exon 20 mutation in EGFR or HER2. This Phase 2 study demonstrated high anti-tumor activity for poziotinib in metastatic, heavily pretreated EGFR exon 20 mutant NSCLC, a group for which no targeted agents have proved to be effective to date. This data is summarized below:

- In 44 evaluable patients with EGFR exon-20 mutations, the confirmed overall response rate was 43% and disease control rate was 90%. Median progression free survival was 5.5 months.
- In evaluable patients with HER2 exon-20 mutations, the confirmed overall response rate was 42% and disease control rate was 83%. Median progression free survival was 5.1 months.
- EGFR-related toxicities (including rash, diarrhea, and paronychia) were manageable and required dose reductions in 60% of patients. Discontinuation due to poor tolerance was rare (approximately 3% of patients).

In July 2019, we announced our expansion of the poziotinib clinical program by adding three new cohorts to the ZENITH20 clinical trial in the U.S., Canada, and Europe to further evaluate the impact of poziotinib treatment on NSCLC patients. Accordingly, the ZENITH20 trial now consists of seven cohorts of NSCLC patients: Cohorts 1 (EGFR) and 2 (HER2) were previously-treated for EGFR exon 20 insertion mutations. Cohort 3 (EGFR) and 4 (HER2) are in the first-line treatment setting and are currently enrolling patients. Cohorts 1- 4 are each independently powered for a pre-specified statistical hypothesis and the primary endpoint is objective response rate (ORR). Additional endpoints include duration of response (DOR), disease control rate (DCR), progression-free survival (PFS), and safety. Cohort 5 includes previously treated or treatment-naïve NSCLC patients with EGFR or HER2 exon 20 insertion mutations. Cohort 6 includes NSCLC patients with classical EGFR mutations who progressed while on treatment with first-line osimertinib and developed an additional EGFR mutation. Cohort 7 includes NSCLC patients with a variety of less common mutations in EGFR or HER2 exons 18-21 or the extracellular or transmembrane domains. Cohorts 1 and 2 are fully enrolled and we are currently enrolling patients in Cohorts 3-7.

We expect to announce topline clinical results from Cohort 1 in the fourth quarter of 2019, and expect topline results for Cohort 2 in mid-2020.

ROLONTIS, a novel long-acting G-CSF:

On June 2, 2019, integrated results from our two identically designed Phase 3 trials - ADVANCE and RECOVER - were presented during a poster session at the 2019 Meeting of the American Society of Clinical Oncology. The integrated efficacy and safety data from both trials were consistent with results from the individual trials, demonstrating that ROLONTIS was non-inferior to pegfilgrastim in the reduction of duration of severe neutropenia in all four cycles of treatment. The integrated data also demonstrated that eflapegrastim provided an absolute risk reduction of severe neutropenia of 6.5% compared to pegfilgrastim in Cycle 1.

We submitted our Biologics License Application ("BLA") with the FDA in December 2018. However, in March 2019, we voluntarily withdrew this BLA due to the FDA's request for additional manufacturing-related information for ROLONTIS that requires our additional documentation. The FDA did not cite concerns related to the pre-clinical and clinical modules of the BLA or the need for additional clinical studies. We continue to update this BLA and expect to submit a revised filing during the fourth quarter of 2019.

CHARACTERISTICS OF OUR REVENUE AND EXPENSES

See *Item 7. Characteristics of Our Revenue and Expenses* of our Annual Report on Form 10-K for the year ended December 31, 2018, for a discussion of the nature of our revenue and operating expense line items within our accompanying Condensed Consolidated Statements of Operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

See *Item 7. Critical Accounting Policies and Estimates* of our Annual Report on Form 10-K for the year ended December 31, 2018, for a discussion of significant estimates and assumptions as part of the preparation of our accompanying Condensed Consolidated Financial Statements. These critical accounting policies and estimates arise in conjunction with the following accounts in the preparation of this Form 10-Q:

- Revenue recognition;
- Income taxes;
- Stock-based compensation; and
- Litigation accruals (as required)

RESULTS OF OPERATIONS

Operations Overview – Three and Six Months Ended June 30, 2019 and 2018

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	($ in thousands)		($ in thousands)	
Revenues (*Note 1(b)*)	$ —	$ —	$ —	$ —
Operating costs and expenses:				
Selling, general and administrative	17,230	16,391	33,182	33,007
Research and development	16,982	16,595	38,868	29,960
Total operating costs and expenses	34,212	32,986	72,050	62,967
Loss from continuing operations	(34,212)	(32,986)	(72,050)	(62,967)
Interest income (expense), net	1,495	(242)	2,556	(473)
Other income (expense), net	3,722	48,492	(7,563)	58,463
(Loss) income from continuing operations before income taxes	(28,995)	15,264	(77,057)	(4,977)
Benefit (provision) for income taxes from continuing operations	212	(370)	8,454	698
(Loss) income from continuing operations	(28,783)	14,894	(68,603)	(4,279)
Income (loss) from discontinued operations, net of income taxes (*Note 11*)	388	(1,150)	21,053	2,205
Net (loss) income	$ (28,395)	$ 13,744	$ (47,550)	$ (2,074)

THREE MONTHS ENDED JUNE 30, 2019 AND 2018

Operating Expenses

	Three months ended June 30,			
	2019	2018	$ Change	% Change
	($ in millions)			
Operating costs and expenses:				
Selling, general and administrative	$ 17.2	$ 16.4	$ 0.8	4.9%
Research and development	17.0	16.6	0.4	2.4%
Total operating costs and expenses	$ 34.2	$ 33.0	$ 1.2	3.6%

Selling, General and Administrative. Selling, general and administrative expenses increased $0.8 million in the current period. This increase is primarily due to $1.8 million of reclassifications made to this account in the current period that were previously presented within "discontinued operations" in the first quarter of 2019 (see *Note 11* to the accompanying Condensed Consolidated Statements of Operations), partially offset by $1.1 million of legal and consulting costs (substantially related to non-recurring legal expense associated with the termination of our former chief executive officer).

Research and Development. Research and development expenses increased by $0.4 million in the current period. The increase is primarily due to (i) $0.6 million of reclassifications made to this account in the current period that were previously presented within "discontinued operations" in the first quarter of 2019 (see *Note 11* to the accompanying Condensed Consolidated Statements of Operations) and (ii) $2.8 million upfront payment made to third-party licensors for an exclusive license for the intellectual property related to the FIT drug delivery platform and two early stage drugs (see *Note 9(b)(iii)*). These increases were partially offset by (i) $1.9 million decrease in ROLONTIS manufacturing and development costs and (ii) $1.1 million decrease in ROLONTIS clinical trial expenses with the completion of the ADVANCE and RECOVER clinical studies in the first-half of 2018.

Total Other Income

	Three months ended June 30,			
	2019	2018	$ Change	% Change
	($ in millions)			
Total other income	$ 5.2	$ 48.3	$ (43.1)	(89.2)%

Total other income decreased by $43.1 million primarily due to (i) $48.1 million decrease in unrealized gain for the mark-to-market of our CASI equity securities in the current period (see *Note 3(a)* to the accompanying Condensed Consolidated Financial Statements). The decrease in other income related to our CASI equity securities was partially offset in the current period by (i) $2.7 million of realized gain from the sale of 1.5 million shares of CASI through a forward-sales contract that settled in April 2019 (see *Note 7*), (ii) $0.9 million interest expense decrease due to the December 2018 maturity of our 2013 Convertible Notes (see *Note 8*), (iii) $0.8 million increase in interest income on our money-market investments (see *Note 3(a)*), and (iv) $0.5 million of invoiced services rendered to Acrotech as part of a transition services agreement (see *Note 12*).

Income Taxes

	Three months ended June 30,			
	2019	2018	$ Change	% Change
	($ in millions)			
Benefit (provision) for income taxes from continuing operations	$ 0.2	$ (0.4)	$ 0.6	150.0%

For the three months ended June 30, 2019 and 2018, we reported pre-tax losses from continuing operations and pre-tax income from discontinued operations. This requires our application of intraperiod tax allocation guidance (see *Note 10* to the accompanying Condensed Consolidated Financial Statements), resulting in the presented income tax benefit (provision) values (though is not indicative of income tax refunds due to us). Further, the current period income tax benefit (provision) value in each period is substantially offset by the corresponding income tax benefit (provision) within "discontinued operations" (see *Note 11* to the accompanying Condensed Consolidated Financial Statements) and "other comprehensive income (loss)" within stockholders' equity.

SIX MONTHS ENDED JUNE 30, 2019 AND 2018

	Six months ended June 30,			
	2019	2018	$ Change	% Change
	($ in millions)			
Operating costs and expenses:				
Selling, general and administrative	33.2	33.0	0.2	0.6%
Research and development	38.9	30.0	8.9	29.7%
Total operating costs and expenses	$ 72.1	$ 63.0	$ 9.1	14.4%

Selling, General and Administrative. Selling, general and administrative expenses increased by $0.2 million in the current period. This increase is primarily due to $1.5 million of severance expense in the current period related to the Commercial Product Portfolio transaction (see *Note 12* to the accompanying Condensed Consolidated Financial Statements), partially offset by $1.3 million of decreased legal and consulting costs (substantially related to non-recurring legal expense associated with the termination of our former chief executive officer).

Research and Development. Research and development expenses increased by $8.9 million in the current period. This increase is primarily due to (i) $6.9 million of additional manufacturing, development, and consulting costs associated with ROLONTIS, (ii) $2 million increase of clinical and development initiatives for poziotinib, (iii) $2.8 million upfront payment made to third-party licensors for an exclusive license for the intellectual property related to the FIT drug delivery platform and two early stage drugs (see *Note 9(b)(iii)*), and (iv) $0.3 million of severance expense in the current period related to the Commercial Product Portfolio transaction (see *Note 12* to the accompanying Condensed Consolidated Financial Statements). These increases were partially offset by $3.4 million decrease in ROLONTIS clinical trial expenses with the completion of the ADVANCE and RECOVER clinical studies in the first-half of 2018.

Total Other (Expense) Income

	Six months ended June 30,			
	2019	2018	$ Change	% Change
	($ in millions)			
Total other (expense) income	$ (5.0)	$ 58.0	$ (63.0)	(108.6)%

Total other (expense) income decreased by $63.0 million primarily due to (i) $11.8 million unrealized loss for the mark-to-market of our CASI equity securities in the current period (see *Note 3(a)* to the accompanying Condensed Consolidated Financial Statements), as compared to a $58.6 million unrealized gain in the prior year period. The recognized expense from this decline in CASI stock value was partially offset in the current period by (i) $2.7 million of realized gain from the sale of 1.5 million shares of CASI through a forward-sales contract that settled in April 2019 (see *Note 7*), (ii) $1.8 million interest expense decrease due to the December 2018 maturity of our 2013 Convertible Notes (see *Note 8*), (iii) $1.2 million increase in interest income on our our money-market investments (see *Note 3(a)*), (iv) $0.8 million increase in the value of deferred compensation plan assets (see *Notes 3(e) and 3(i)*), and (v) $0.7 million of invoiced services rendered to Acrotech as part of a transition services agreement (see *Note 12*).

Income Taxes

	Six months ended June 30,			
	2019	2018	$ Change	% Change
	($ in millions)			
Benefit for income taxes from continuing operations	$ 8.5	$ 0.7	$ 7.8	—%

For the six months ended June 30, 2019 and 2018, we reported pre-tax income from discontinued operations and pre-tax losses from continuing operations. This requires our application of intraperiod tax allocation guidance (see *Note 10* to the accompanying Condensed Consolidated Financial Statements), resulting in the presented income tax benefit in each period (though is not indicative of income tax refunds due to us). Further, these values in each period are substantially offset by the corresponding income tax provision within "discontinued operations" (see *Note 11* to the accompanying Condensed Consolidated Financial Statements) and "other comprehensive income (loss)" within stockholders' equity.

LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2019	December 31, 2018	June 30, 2018
	(in thousands, except financial metrics data)		
Cash, cash equivalents, marketable securities, and restricted cash	$ 282,405	$ 203,988	$ 269,658
Accounts receivable, net	$ 2,542	$ 29,873	$ 27,658
Total current assets	$ 306,015	$ 250,688	$ 309,520
Total current liabilities	$ 56,962	$ 86,474	$ 94,470
Working capital surplus (a)	$ 249,053	$ 164,214	$ 215,050
Current ratio (b)	5.4	2.9	3.3

(a) Total current assets at period end *minus* total current liabilities at period end.
(b) Total current assets at period end *divided by* total current liabilities at period end.

Net Cash Used In Operating Activities

Net cash used in operating activities was $76.3 million for the six months ended June 30, 2019, as compared to $39.2 million in the prior year period. For the six months ended June 30, 2019 and 2018, our cash collections from customers totaled $42.7 million and $64.8 million, respectively. For the six months ended June 30, 2019 and 2018, our cash payments for products, services, chargebacks, and rebates to our employees, vendors, and product end-users totaled $127.6 million and $116.0 million, respectively.

Net Cash Provided by Investing Activities

Net cash provided by investing activities was $35.0 million for the six months ended June 30, 2019, as compared to $4.1 million during the prior year period. The cash provided by investing activities for the six months of 2019 substantially relates to (i) $158.8 million of proceeds received from the sale of our Commercial Product Portfolio (see *Note 11* to the accompanying Condensed Consolidated Financial Statements) and (ii) $5.1 million of proceeds received from our sale of CASI stock (see *Note 7*). These proceeds were partially offset by (i) $127.6 million of purchases of available-for-sale securities beginning in the three months ended June 30, 2019 (see *Note 3(a)* to the accompanying Condensed Consolidated Financial Statements) and (ii) $1.2 million of equipment purchases for ROLONTIS manufacture (see *Note 3(b)*).

Net Cash Provided by (Used In) Financing Activities

Net cash provided by financing activities was $6.1 million for the six months ended June 30, 2019, as compared to net cash used in financing activities of $17.5 million in the prior year period. Our cash provided by financing activities during the first six months of 2019 relates to (i) $3.9 million of proceeds from the issuance of common stock because of the exercise of employee stock options, (ii) $1.8 million of proceeds received from common shares sold under an at-the-market-issuance sales agreement (see *Note 13* to the accompanying Condensed Consolidated Financial Statements), and (iii) $0.4 million of proceeds from employee stock purchases under our employee stock purchase plan. In the prior year, we operated as the counterparty when our employees exercised stock options or had RSA vesting, concurrently retired such shares, and made tax remittances on behalf of these employees, resulting in a $27.7 million use of cash that did not recur in current year period.

Sale of Common Stock Under ATM Agreements

We entered into a new collective at-market-issuance (ATM) sales agreement with Cantor Fitzgerald & Co., H.C. Wainwright & Co., LLC and B. Riley FBR, Inc. (the "April 2019 ATM Agreement") connected to our automatic shelf registration statement on Form S-3ASR, filed with the SEC on April 5, 2019.

The April 2019 ATM Agreement allows us to raise aggregate gross proceeds of $150 million from the periodic sales of our common stock on the public market. During the three months ended June 30, 2019, we raised aggregate gross net proceeds of $1.8 million under this ATM. These proceeds and any future proceeds raised will support the advancement of our in-development drug candidates, activities in connection with the launch of our in-development drug candidates, including hiring and building inventory supply, making acquisitions of assets, businesses, companies or securities, capital expenditures, and for working capital.

Future Capital Requirements

We believe that the future growth of our business will depend on our ability to successfully develop and acquire new drugs for the treatment of cancer and successfully bring these drugs to market.

The timing and amount of our future capital requirements will depend on many factors, including:

- the need for additional capital to fund future development programs;
- the need for additional capital to fund strategic acquisitions;
- the need for additional capital to fund licensing arrangements;
- our requirement for additional information technology infrastructure and systems; and
- adverse outcomes from potential litigation and the cost to defend such litigation.

We believe that our $282 million in aggregate cash and equivalents, marketable securities, and restricted cash as of June 30, 2019 will allow us to fund our current and planned operations into 2020. However, we may seek additional capital through the sale of debt or equity securities, if necessary, especially in conjunction with opportunistic acquisitions or licensing arrangements. We may be unable to obtain such additional capital on terms favorable to us or our current stockholders, if at all.

Proceeds From the Commercial Product Portfolio Transaction

On March 1, 2019, we completed the sale of our commercialized Product Portfolio to Acrotech (See *Note 1(b)*) to the accompanying Condensed Consolidated Financial Statements). Upon the closing of the Commercial Product Portfolio Transaction, we received $158.8 million in an upfront cash payment (of which $4 million is held in escrow). We are also entitled to receive up to an aggregate of $140 million upon Acrotech's achievement of certain regulatory and sales-based milestones relating to the Commercial Product Portfolio.

We are using the proceeds from the Commercial Product Portfolio Transaction to advance our in-development drug pipeline, as well as providing for our general working capital requirements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that provide financing, liquidity, market or credit risk support, or involve derivatives. In addition, we have no arrangements that may expose us to liability that are not expressly reflected in the accompanying Condensed Consolidated Financial Statements and/or notes thereto.

As of June 30, 2019, we did not have any relationships with unconsolidated entities or financial partnerships, often referred to as "structured finance" or "special purpose entities," established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not subject to any material financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

On March 1, 2019, we completed the Commercial Product Portfolio Transaction. Substantially all of the contractual rights and obligations associated with the Product Portfolio were transferred to Acrotech at closing as previously disclosed in *Note 17(b)* and our *Contractual Obligations* table for applicable "purchase orders" and "contingent milestone obligations" and "drug development liability" within *Item 7* to our 2018 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, our operations are exposed to risks associated with fluctuations in interest rates, credit ratings and foreign currency exchange rates.

The primary objective of our investment activities is to preserve principal, while at the same time maximizing yields without significantly increasing risk. Because of our ability to generally redeem these investments at par at short notice and without penalty, changes in interest rates would have an immaterial effect on the fair value of these investments. If a 10% change in interest rates were to have occurred on June 30, 2019, any decline in the fair value of our investments would not be material in the context of our accompanying Condensed Consolidated Financial Statements. In addition, we are exposed to certain market risks associated with credit ratings of corporations whose corporate bonds we may purchase from time-to-time. If these companies were to experience a significant detrimental change in their credit ratings, the fair market value of such corporate bonds may significantly decrease. If these companies were to default on these corporate bonds, we may lose part or all of our principal. We believe that we effectively manage this market risk by diversifying our investments, and investing in highly-rated securities.

We are exposed to foreign currency exchange rate fluctuations relating to payments we make to vendors, suppliers and license partners in Euros (and other currencies to a lesser extent). We mitigate such risk by maintaining a limited portion of our cash in Euros.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2019. The term "disclosure controls and procedures," as defined in *Rules 13a-15(e) and 15d-15(e)* under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. These include controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of June 30, 2019, our chief executive officer and chief financial officer concluded that, as of that date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in *Rules 13a-15(f) and 15d-15(f)* under the Exchange Act) during the second fiscal quarter of 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Internal Controls

An internal control system, no matter how well conceived and operated, can provide only reasonable assurance that its objectives are met. Because of inherent limitations in any control system, no evaluation can provide absolute assurance that all

control issues within a company have been detected. We continuously seek to improve the efficiency and effectiveness of our business operations and accompanying internal controls.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved from time-to-time with various legal matters arising in the ordinary course of business. These claims and legal proceedings are of a nature we believe are normal and incidental to a pharmaceutical business, and may include product liability, intellectual property, employment matters, and other general claims. We may also be subject to derivative lawsuits from time to time.

We make provisions for liabilities when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Such provisions are assessed at least quarterly and adjusted to reflect the impact of any settlement negotiations, judicial and administrative rulings, advice of legal counsel, and other information and events pertaining to a particular case. Litigation is inherently unpredictable. Although the ultimate resolution of these various matters cannot be determined at this time, we do not believe that such matters, individually or in the aggregate, will have a material adverse effect on our consolidated results of operations, cash flows, or financial condition.

Certain of the legal proceedings in which we are involved are discussed in *Note 9(g)*, "Financial Commitments & Contingencies and Key License Agreements," to our accompanying Condensed Consolidated Financial Statements, and are hereby incorporated by reference.

ITEM 1A. RISK FACTORS

As of the date of this filing, there have been no material changes to the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 28, 2019, except as included below:

We currently generate no revenue from commercial sales and the proceeds from our recent asset sale may not be sufficient to sustain our business operations.

We recently completed the sale of our seven FDA-approved hematology/oncology products in the Commercial Product Portfolio Transaction. These product sales and royalties represented all of our revenue from commercial operations. We will not generate any further revenue until our pipeline products, including the late-stage development products poziotinib and ROLONTIS, are approved for commercial sale by the FDA and/or other regulatory agencies. There is no guarantee as to when, if ever, our pipeline products will be approved for commercial sale. Accordingly, while we have significant capital resources from this recent sale, we may need to raise additional capital to fund our business operations. To the extent that additional capital is raised through the sale of equity or convertible debt securities, it could result in further dilution to our stockholders and adversely impact our stock price.

ITEM 6. EXHIBITS

		Incorporated by Reference				
Exhibit Number	**Description**	**Form**	**Form No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
1.2	At Market Issuance Sales Agreement, dated April 5, 2019, between Spectrum Pharmaceuticals, Inc., Cantor Fitzgerald & Co., H.C. Wainwright & Co. LLC, and B. Riley FBR, Inc.	S-3ASR	333-230821	1.2	4/5/2019	
2.1[1]	Asset Purchase Agreement, dated January 17, 2019, by and among Spectrum Pharmaceuticals, Inc., Acrotech Biopharma LLC and Aurobino Pharma USA, Inc.	8-K	001-35006	10.1	1/17/2019	
3.1	Restated Certificate of Incorporation.	8-K	001-35006	3.1	6/18/18	
3.2	Third Amended and Restated Bylaws	8-K	001-35006	3.1	3/29/2018	
4.1	Rights Agreement, dated as of December 13, 2010, between the Registrant and Computershare Trust Company, N.A. (formerly U.S. Stock Transfer Corporation), as Rights Agent	8-K	001-35006	4.1	12/13/2010	
4.2	First Amendment to Rights Agreement, dated as of October 13, 2017, between Registrant and Computershare Trust Company, N.A., as Rights Agent	8-K	001-35006	4.1	10/13/2017	
4.3	Second Amendment to Rights Agreement, dated as of March 27, 2018, between Registrant and Computershare Trust Company, N.A., as Rights Agent	8-K	001-35006	4.1	3/29/2018	
10.1	Executive Employment Agreement, dated as of June 19, 2019, by and between Spectrum Pharmaceuticals, Inc. and Dr. Francois Lebel					X
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) promulgated under the Securities Exchange Act of 1934.					X
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) promulgated under the Securities Exchange Act of 1934.					X
32.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(b)/15d-14(b) promulgated under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.					X
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b)/15d-14(b) promulgated under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.					X
101.INS	XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X

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 thereunto duly authorized.

SPECTRUM PHARMACEUTICALS, INC.

Date: August 9, 2019

By: /s/ Kurt A. Gustafson
Kurt A. Gustafson
Executive Vice President and Chief Financial Officer
(Authorized Signatory and Principal Financial and Accounting Officer)

Exhibit 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "Agreement") is dated as of June 19, 2019 by and between Spectrum Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Dr. Francois Lebel ("Executive").

WHEREAS, the Company desires to employ Executive as Executive Vice President and Chief Medical Officer; and

WHEREAS, the Company and Executive desire to enter into a written employment agreement to reflect the terms upon which Executive shall provide services to the Company.

NOW, THEREFORE, in consideration of the premises and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **EMPLOYMENT/TERM**. The Company hereby employs Executive to perform the duties and responsibilities set forth below under Section 2 of this Agreement, and Executive hereby accepts such employment, in each case on the terms and conditions set forth in this Agreement. This Agreement shall have a term commencing on June 19, 2019, (the "Effective Date") and ending on the five-year anniversary of the Effective Date, (the "Term"), unless earlier terminated pursuant to Section 4 of this Agreement.
2. **POSITION AND DUTIES**.
    a. Description of Executive's Position, Duties, Authorities, and Responsibilities. Executive shall serve as Executive Vice President and Chief Medical Officer of the Company, subject to the direction of the Chief Executive Officer. In such capacity, Executive shall (i) report to the Chief Executive Officer, (ii) devote his full professional time and attention, best efforts, energy and skills to the services required of him as an employee of the Company, except for paid time off taken in accordance with the Company's policies and practices, and subject to the Company's policies pertaining to reasonable periods of absence due to sickness, personal injury or other disability; (iii) use his best efforts to promote the interests of the Company; (iv) comply with all applicable governmental laws, rules and regulations and with all of the Company's policies, rules and regulations applicable to employees of the Company; and (v) discharge his responsibilities in a diligent and faithful manner, consistent with sound business practices and in accordance with the Chief Executive Officer's directives.
    b. Performance of Duties. Executive hereby accepts such employment and agrees to render the services described above in the manner described above. It is understood and agreed that Executive may not engage in other business activities during the Term, whether or not for profit or other pecuniary advantage; provided, however, that Executive may (i) make financial investments which do not involve his active participation, (ii) participate in charitable, educational, religious, civic, or other similar organizations and activities, and (iii) with the prior written consent of the Board of Directors of the Company (the "Board"), serve as an outside director on the board of directors of other corporations that are not affiliates or competitors of the Company or any of its affiliates, in any case to the extent that such activities collectively do not hinder or interfere with the performance of his duties under this Agreement, conflict with the policies of the Company concerning conflicts of interest or conflict with the businesses of the Company or any of its affiliates in any material way.
3. **COMPENSATION AND BENEFITS**.

a. Base Salary. As of the Effective Date, Executive's base salary (the "Base Salary") shall be $520,000 USD per year payable in periodic installments in accordance with the Company's regular payroll practices as in effect from time to time. The Board or a duly authorized committee thereof will review the Base Salary on an annual basis and may increase, but never decrease, the Base Salary from time to time based on merit or such other considerations as the Board or a duly authorized committee thereof may deem appropriate; provided, however, the Company makes no assurances that the Base Salary will be increased during the Term. "Base Salary" shall mean the initial base salary or the then-current base salary as later approved by the Board.

b. Bonus. Executive shall be eligible to receive an annual cash bonus in an amount up to 50% of Executive's Base Salary for the fiscal year for which the annual cash bonus is being paid, as determined in the discretion of the Board or a duly authorized committee thereof, based on the performance of the Company and Executive relative to performance objectives or other metrics as the Board or a duly authorized committee thereof may deem appropriate. For the first calendar year in which this Agreement is effective, performance objectives or other metrics shall be established within 30 days of the Effective Date of this Agreement. Thereafter, performance objectives or other metrics shall be established within 60 days of the commencement of the calendar year.

c. Pro Rata Bonus. Notwithstanding any other provision in this Agreement to the contrary, should Executive's employment be terminated by the Company without Cause (as defined below) or by Executive for Good Reason (as defined below), prior to the end of a calendar year, then the Board shall determine the amount of the target bonus for such calendar year, and the Company shall pay Executive the pro rata amount of such target bonus based on the number of days Executive was employed by the Company during the calendar year divided by 365 days (the "Pro Rata Bonus"). Such Pro Rata Bonus shall be paid when bonuses are paid to other senior executives of the Company and within two and one-half months following the end of the calendar year in which Executive is terminated.

d. Benefits and Vacation. Executive shall be eligible to participate in and receive the benefits under any deferred compensation plan, health, life, accident and disability insurance plans or programs, and any other employee benefit or fringe benefit plans or arrangements that the Company makes available generally to other senior executives of the Company, pursuant to the provisions of such plans, programs or arrangements as in effect from time to time. Executive shall be entitled to vacation and sick days in accordance with the policies of the Company for its employees generally, as in effect from time to time. The benefits described in this Section 3.d. are hereinafter referred to as the "Benefits".

e. Equity Incentive Compensation. Executive shall be eligible to receive grants, at the discretion of the Board or a duly authorized committee thereof, under any long-term equity-based incentive compensation plans established or maintained by the Company for its senior executive officers, in each case subject to the terms and conditions of the applicable plans and award documents with respect to such grants. The grants described in this Section 3.e. are hereinafter referred to as the "Equity Incentive Compensation".

f. Expenses. The Company shall pay or reimburse Executive for all reasonable, ordinary and necessary business expenses incurred or paid by Executive during the Term in the performance of Executive's services under this Agreement in accordance with the applicable policies and procedures of the Company as in effect from time to time, upon the presentation of proper expense statements or such other supporting documentation as the Company may reasonably require.

g. Auto Allowance. Company shall pay an automotive allowance of $1,150 per month to cover costs of business travel in a personal vehicle.

4. **TERMINATION, OTHER THAN FOLLOWING A CHANGE OF CONTROL**.

a. General. Executive's employment may be terminated by either party at any time and for any reason; and upon termination of Executive's employment, the Term shall end.

b. Resignation without Good Reason. Executive shall be required to give the Company at least 60 days' advance written notice (the "Resignation Notice Period") of any voluntary resignation of Executive's employment hereunder (other than resignation for Good Reason (as defined below), in which event the procedures under Section 5.c. shall apply). During the Resignation Notice Period, the Company in its sole discretion may elect to accelerate Executive's date of termination of employment, it being understood that any such termination shall still be treated as a voluntary resignation without Good Reason (as defined below) for purposes of this Agreement. Even if Executive's date of termination is accelerated, Executive shall be paid his Base Salary, and shall receive Benefits capable of being provided to persons who are not actively employed by the Company, as if he had worked through the end of the Resignation Notice Period. The Company reserves the right to require Executive not to be in the offices of the Company or any of its affiliates and/or not to undertake all or any of Executive's duties and/or not to contact clients, colleagues or advisors of the Company or any of its affiliates during all or part of the Resignation Notice Period. During the Resignation Notice Period, Executive's terms and conditions of service and duties of loyalty and confidentiality to the Company shall remain in full force and effect and, during any such Resignation Notice Period, Executive shall continue to perform as an employee in compliance with the terms of this Agreement and all other agreements applicable to Executive with respect to his service with the Company or any of its affiliates.

c. Death. Executive's employment hereunder shall terminate automatically on the date of his death.

d. Disability. At the option of the Company, Executive's employment hereunder may be terminated immediately upon Disability (as defined below) of Executive. For purposes of this Agreement, "Disability" means any physical or mental illness, impairment or incapacity which, in the good faith determination of the Board, has prevented Executive from performing the essential functions of his position hereunder for a period of 90 or more consecutive days (or for shorter periods totaling 120 days) during any period of 12 consecutive months.

e. Termination for Cause. Notwithstanding any other provision of this Agreement, the Company may, at any time, immediately terminate Executive's employment for Cause (as defined below). For purposes of this Agreement, "Cause" means the occurrence of any of the following by Executive: (i) fraud, misappropriation, embezzlement or acts of similar dishonesty, (ii) conviction of, or plea of *nolo contendere* to, a felony, (iii) excessive use of alcohol or illegal use of drugs in the workplace, (iv) gross negligence or intentional or willful misconduct by Executive in the performance of his duties, (v) breach of Executive's duty of loyalty to the Company or diversion or usurpation of corporate opportunities properly belonging to the Company, (vi) the knowing breach of any Company confidentiality agreement to which Executive is a party, (vii) willful disregard of the Company's policies and procedures, (viii) insubordination, (ix) willful failure to satisfactorily perform the duties of Executive's position, (x) act or omission that would materially and adversely impact the business or reputation of the Company, or (xi) violation of any material provision of this Agreement or any other material provision of any other agreement between Executive and the Company; in each case, as determined by the Company in its sole discretion. The Company's lack of immediate action with respect to

conduct of Executive that would constitute Cause hereunder shall not preclude the Company from taking later action on such act or taking action with respect to another such act committed by Executive.

f. Termination Without Cause. The Company may, at any time, immediately terminate Executive's employment without Cause.

5. **COMPENSATION UPON TERMINATION**. Following any termination of Executive's employment (the date of such termination, "Termination Date"), the obligations of the Company to pay or provide Executive with compensation and benefits under Section 3 shall immediately cease, and the Company shall have no further obligations to Executive under this Agreement, except as otherwise required by law or provided for under this Section 5.

   a. Death or Disability. If, during the Term, Executive's employment is terminated (i) by reason of Executive's death or (ii) by the Company for Disability of Executive, the Company shall pay to Executive (or to his estate or designated beneficiary in the event of Executive's death) (A) any unpaid Base Salary accrued through the Termination Date, (B) any unpaid Benefits accrued through the Termination Date to which Executive is entitled under any plans, programs or arrangements applicable to terminated employees in which Executive participates, and (C) a lump sum amount equal to two years of Executive's Base Salary in effect as of the Termination Date; provided that, in the event Executive is terminated by the Company for Disability during the Change of Control Tail Period, such amount shall be paid monthly over a period of 24 months following such termination. Executive shall also immediately vest in all options, restricted stock and other Equity Incentive Compensation (as defined below), all of which shall be immediately available to exercise during the periods provided in the applicable plans and award documents granted to Executive. All payments under clause (C) of this Section 5.a. are conditioned upon Executive executing and delivering (and not revoking) within 90 days of the Termination Date a general waiver and release agreement in the form of Exhibit A, attached, or in a form and with substance satisfactory to the Company, that is no longer subject to revocation. If Executive is unable to execute and deliver such waiver and release agreement due to death or Disability, then the waiver and release agreement shall be executed and delivered by an authorized agent or representative of Executive and/or Executive's estate. The payments described in clauses (A) and (C) above shall be made within 90 days (or by such earlier date as may be required by applicable law) following the Termination Date, and the payments described in clause (B) above shall be made in accordance with the provisions of the applicable plans, programs and arrangements maintained by the Company with respect to such payments or as otherwise required by applicable law.

   b. For Cause or Without Good Reason (not During the Change of Control Tail Period). If, during the Term (other than during the Change of Control Tail Period (as defined below)), Executive's employment is terminated (i) by the Company for Cause or (ii) by Executive for any reason other than for Good Reason (as defined below), the Company shall pay to Executive (A) any unpaid Base Salary accrued through the Termination Date and (B) any unpaid Benefits accrued through the Termination Date to which Executive is entitled under any plans, programs or arrangements applicable to terminated employees in which Executive participates. The payments described in clause (A) above shall be made within 90 days (or by such earlier date as may be required by applicable law) following the Termination Date, and the payments described in clause (B) above shall be made in accordance with the provisions of the applicable plans, programs and arrangements maintained by the Company with respect to such payments or as otherwise required by applicable law.

c. Without Cause or for Good Reason (not During the Change of Control Tail Period). If, during the Term (other than during the Change of Control Tail Period), Executive's employment is terminated (i) by the Company without Cause or (ii) by Executive for Good Reason (as defined below), the Company shall pay to Executive (A) any unpaid Base Salary accrued through the Termination Date, (B) any unpaid Benefits accrued through the Termination Date to which Executive is entitled under any plans, programs or arrangements applicable to terminated employees in which Executive participates, and (C) the following severance benefits (the "Without Cause/For Good Reason Severance Benefits"): (a) two years of Executive's Base Salary in effect as of the Termination Date and two times (2x) the previous year's Bonus, in each case paid as a lump sum (b) 18 months of Company-paid continued coverage (COBRA) for Executive and his eligible dependents under the Company's existing health and benefit plans. As part of the Without Cause/For Good Reason Severance Benefits, Executive shall also immediately vest in all options, restricted stock and other Equity Incentive Compensation (as defined below), all of which shall be immediately available to exercise during the periods provided in the applicable plans and award documents granted to Executive; provided, that, notwithstanding the foregoing, with respect to any options, restricted stock or other Equity Incentive Compensation that vest based on performance-based criteria ("Performance-Based Awards"), Executive shall vest in such Performance-Based Awards as part of the Without Cause/For Good Reason Severance Benefits pro rata based on the Executive's target award for such Performance-Based Awards (irrespective of actual performance) and based on the number of days Executive was employed by the Company during the applicable performance period for such Performance-Based Awards divided by the total number of days in such performance period. All payments under clause (C) of this Section 5.c. are conditioned upon Executive executing and delivering (and not revoking) within 90 days of the Termination Date a general waiver and release agreement in the form of Exhibit A, attached, or in a form and with substance satisfactory to the Company, that is no longer subject to revocation; provided, further, that in order for Executive to terminate his employment for Good Reason (as defined below), (x) Executive must furnish written notice to the Company setting forth the facts and circumstances claimed to provide a basis for such resignation within 30 days following the occurrence of such facts and circumstances, (y) the Company shall have 30 days after its receipt of such written notice to cure such facts and circumstances in all material respects (and if so cured, then Executive shall not be permitted to resign for Good Reason (as defined below) in respect thereof), and (z) Executive must actually terminate his employment within 30 days following the expiration of the Company's cure period set forth above. For purposes of this Agreement, "Good Reason" means the occurrence of any of the following events, without the express consent of Executive, (1) a material diminution in Executive's Base Salary or (2) a material diminution in Executive's title, position, duties, authorities or responsibilities (other than temporarily while physically or mentally incapacitated or as required by applicable law). The payments described in clauses (A) and (C) above shall be made within 90 days (or by such earlier date as may be required by applicable law) following the Termination Date, and the payments described in clause (B) above shall be made in accordance with the provisions of the applicable plans, programs and arrangements maintained by the Company with respect to such payments or as otherwise required by applicable law.

d. Termination During Change of Control Tail Period. In the event that Executive's employment is terminated by the Company or by Executive during the Change of Control Tail Period for any reason other than a termination by reason of Executive's death or by the Company for Disability of Executive, this Section 5

shall not apply, and the terms and conditions of Section 6 shall govern with respect to any compensation payable to Executive as a result of such termination. For purposes of this Agreement, the "Change of Control Tail Period" shall mean the 12-month period following the occurrence of a Change of Control (as defined below). In no event shall Executive be entitled to compensation both under this Section 5 and under Section 6.

e. Equity Incentive Compensation. Except in circumstances where termination is (i) by reason of Executive's death or by the Company for Disability, (ii) by the Company without Cause, (iii) by Executive for Good Reason, or (iv) during the Change of Control Tail Period and subject to Section 6, upon termination of Executive's employment during the Term, the Equity Incentive Compensation awarded to Executive shall forfeit or vest in accordance with the terms of the applicable plans and award documents with respect to such Equity Incentive Compensation, and shall be subject to such other terms and conditions of such plans and award documents that may apply as a result of such termination.

f. Benefits. Notwithstanding anything in this Section 5 to the contrary, the Benefits to which Executive is entitled upon or by reason of the termination of his employment with the Company (including during the Change of Control Tail Period) shall be subject to, and shall be governed by, the terms and conditions of the applicable plans, programs and arrangements maintained by the Company with respect to such Benefits.

g. Expiration of Term. Notwithstanding anything in this Section 5 to the contrary, the expiration of the Term by itself shall not entitle Executive to receipt of any payments under this Section 5.

6. **CHANGE OF CONTROL.**

a. Definition. "Change of Control" shall have the meaning prescribed to such phrase (or, if applicable, the phrase, "Change in Control") in the 2018 Long-Term Incentive Plan of the Company, or the latest equity incentive award plan of the Company in effect from time to time. The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change of Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change of Control and any incidental matters relating thereto.

b. Executive's Rights Upon a Change of Control. If there should occur a Change of Control of the Company (or any successor) and Executive's employment is terminated by the Company without Cause or Executive terminates employment with, Good Reason during the Change of Control Tail Period, Executive shall receive the Without Cause/For Good Reason Severance Benefits, as if he had been terminated without Cause or had terminated for Good Reason under Section 5.c. of this Agreement; provided, that the two years of Executive's Base Salary in effect as of the Termination Date, payable as part of the Without Cause/For Good Reason Severance Benefits, shall be paid monthly over a period of 24 months following such termination; provided further that all equity awards that would have been eligible to vest under Section 5.c. shall vest immediately upon consummation of a Change of Control; and provided further that Executive shall vest in all Performance-Based Awards as part of the Without Cause/For Good Reason Severance Benefits upon consummation of a Change of Control pro rata based on the Executive's target award for such Performance-Based Awards (irrespective of actual performance) and based on the number of days Executive was employed by the Company before the Change of Control during the applicable performance period for such Performance-Based Awards divided by the total number of days in such performance period. All of the provisions of Section 5.c., including but not limited to the notice and cure provisions, shall apply in like manner under this Section 6.b.

7. **COOPERATION**. Upon the receipt of reasonable notice from the Company (including outside counsel), Executive agrees that while employed by the Company and thereafter, Executive will respond and provide information with regard to matters in which Executive has knowledge as a result of Executive's employment with the Company, and will provide reasonable assistance to the Company, its affiliates and their respective representatives in defense of all claims that may be made against the Company or its affiliates, and will assist the Company and its affiliates in the prosecution of all claims that may be made by the Company or its affiliates, to the extent that such claims may relate to the period of Executive's employment with the Company. Executive agrees to promptly inform the Company if Executive becomes aware of any lawsuit involving such claims that may be filed or threatened against the Company or its affiliates. Executive also agrees to promptly inform the Company (to the extent that Executive is legally permitted to do so) if Executive is asked to assist in any investigation of the Company or its affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or its affiliates with respect to such investigation, and shall not provide such assistance unless legally required. Upon presentation of appropriate documentation, the Company shall pay or reimburse Executive for all reasonable out-of-pocket travel, duplicating or telephonic expenses incurred by Executive in complying with this Section 7. For the first five hours of cooperation in any calendar month during the period of Cooperation, Executive shall provide the specified Cooperation services without hourly reimbursement. For each hour of Cooperation or part thereof after five hours, in any calendar month, Company shall reimburse Executive at the hourly rate determined by this fraction: (final Base Salary / 2,080 hours).

8. **ARBITRATION**. The parties hereby agree to submit all disputes, claims and controversies ("Claims") between the parties or related to or arising out of their employment relationship (except to the extent otherwise provided in that certain Employee Obligations Agreement, dated as of November 5, 2018, by and between the Company and Executive (the "Employee Obligations Agreement"), or that certain Indemnification Agreement, dated as of June 19, 2019, by and between the Company and Executive (the "Indemnification Agreement")) to final, binding arbitration to the fullest extent permitted by law. The Federal Arbitration Act., 9 U.S.C. § 1 *et seq*., shall govern the interpretation and enforcement of this Section 8. The court and not the arbitrator will determine matters of enforceability of this Section 8.
    a. Statute of Limitations. The statutory limitations period applicable to a Claim asserted in a civil action shall apply to any such Claim asserted in any arbitration proceeding under this Section 8. Arbitration is commenced for limitations purposes by submitting the matter to the arbitral forum.
    b. Individual Basis. All Claims that are subject to arbitration under this Section 8 must and will take place on an individual basis only.
    c. Venue. Binding arbitration under this Section 8 shall be conducted in California, unless required by law to be conducted elsewhere, in which case it shall be conducted where required by law.
    d. Applicable Rules. The arbitration proceeding, including discovery, shall be conducted in accordance with the Federal Arbitration Act, the JAMS Policy on Employment Arbitration Minimum Standards and the JAMS Employment Arbitration Rules and Procedures then in effect (the "JAMS Rules"). Executive understands that if he wishes to receive a copy of the JAMS Rules currently in effect, he may inform the Company in writing, and the Company will provide them to him before he executes this Agreement. Executive also understand that JAMS Rules are available online at http://www.jamsadr.com/rules-employment-arbitration/.
    e. Arbitrator Selection. The arbitration shall be conducted before a neutral arbitrator selected by all parties in accordance with JAMS Rules. The parties may also agree on an arbitrator.

f. Cost Allocation. If required by applicable law, the Company shall pay all additional costs peculiar to the arbitration to the extent such costs would not otherwise be incurred in a court proceeding (for instance, the Company shall pay the arbitrator's fees, and the JAMS administration and filing fees, to the extent such fees exceed court filing fees).

g. Attorneys' Fees and Costs. Each party shall pay his or its own costs and attorneys' fees except that the arbitrator shall award costs and attorneys' fees to the prevailing party.

h. Written Decision. The arbitrator shall follow applicable substantive law and, within 30 days after the conclusion of the arbitration, issue a written opinion setting forth the factual and legal bases for his or her decision.

i. Acknowledgement. EXECUTIVE UNDERSTANDS HE IS GIVING UP HIS RIGHT TO A JURY TRIAL BY ENTERING INTO THIS AGREEMENT. EXECUTIVE UNDERSTANDS HE IS GIVING UP HIS RIGHT TO COMMENCE OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION AND INSTEAD AGREES TO ARBITRATE ANY EMPLOYMENT-RELATED DISPUTE ON AN INDIVIDUAL BASIS ONLY TO THE MAXIMUM EXTENT PERMITTED BY LAW.

9. **CODE SECTION 409A**.

a. This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each separate payment or installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Executive on account of non-compliance with Section 409A.

b. Notwithstanding any other provision of this Agreement, if at the time of Executive's termination of employment, he is a "specified employee," determined in accordance with Section 409A, any payments and benefits provided under this Agreement that constitute "nonqualified deferred compensation" subject to Section 409A that are provided to Executive on account of his separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of Executive's termination date ("Specified Employee Payment Date"). The aggregate amount of any payments that would otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. If Executive dies before the Specified Employee Payment Date, any delayed payments shall be paid to Executive's estate in a lump sum within one week of Executive's death.

c. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following: (i) the amount of expenses eligible for

reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (ii) any reimbursement of an eligible expense shall be paid to Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (iii) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit. Any tax gross-up payments provided under this Agreement shall be paid to Executive on or before December 31 of the calendar year immediately following the calendar year in which Executive remits the related taxes.

d. Whenever in this Agreement a payment or benefit is conditioned on Executive's execution of a release of claims, such release must be executed, and all revocation periods shall have expired within 90 days after the Termination Date; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes "nonqualified deferred compensation" subject to Section 409A, and if such 90-day period begins in one calendar year and ends in the next calendar year, the payment or benefit shall not be made or commence before the second such calendar year, even if the release becomes irrevocable in the first such calendar year.

10. **GENERAL PROVISIONS**.

a. Notices. All notices, requests, demands, statements, reports and other communications provided for by this Agreement shall be in writing (email being sufficient) and shall be sent by (i) certified mail, return receipt requested, postage prepaid, (ii) nationally recognized overnight delivery service, (iii) personal delivery or (iv) email. A notice shall be deemed to be given (x) if notice is delivered by certified mail or nationally recognized overnight delivery service, on the business day following the date of its mailing, (y) if such notice is delivered personally, upon delivery, or (z) if such notice is sent by email, upon sending. Each party may change his or its address for notices by giving notice in accordance herewith. All notices shall be addressed and mailed or delivered to the following addresses:
If to the COMPANY: 157 Technology Dr. Irvine, CA 92618

If to EXECUTIVE: 6716 Honesty Drive, Bethesda, MD 20817

b. Entire Agreement. This Agreement, the Employee Obligations Agreement, and the Indemnification Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, representations and understandings (whether written or oral) of the parties with respect to the subject matter hereof and thereof.

c. Modification and Waiver. No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by Executive and a duly authorized representative of the Company (other than Executive). A waiver of any term or condition of this Agreement shall not be construed as a general waiver by the Company. If one or more provisions of this Agreement are held to be illegal or unenforceable under applicable law, such illegal or unenforceable provision(s) shall be limited or excluded from this Agreement to the minimum extent required so that this Agreement shall otherwise remain in full force and effect and enforceable in accordance with its terms.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflict of law principles, and any dispute in the meaning, effect or validity of this Agreement shall be resolved in accordance with the laws of the State of California.

e. Assignment; Binding Effect. This Agreement is fully assignable and transferable by the Company, but any purported assignment or transfer by Executive is void. It is hereby agreed that Executive's rights and obligations under this Agreement are personal and not assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and permitted assigns of the parties. **EXECUTIVE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS WHICH IT IMPOSES UPON EXECUTIVE WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO EXECUTIVE TO INDUCE EXECUTIVE TO SIGN THIS AGREEMENT. EXECUTIVE SIGNS THIS AGREEMENT VOLUNTARILY AND FREELY, IN DUPLICATE, WITH THE UNDERSTANDING THAT THE COMPANY WILL RETAIN ONE COUNTERPART AND THE OTHER COUNTERPART WILL BE RETAINED BY EXECUTIVE.**

f. Injunctive Relief. Executive agrees that any breach of this Agreement will cause irreparable harm to the Company for which damages would not be an adequate remedy, and, therefore, to the fullest extent permitted by applicable law, the Company will be entitled to injunctive relief with respect thereto in addition to any other remedies and without any requirement to post bond.

g. Survival. This Agreement shall terminate upon the expiration of the Term; provided that the provisions of Sections 5 through 10 shall survive termination of this Agreement and termination of Executive's employment regardless of the reason for such termination.

h. Withholding. The Company may withhold from any and all amounts payable under this Agreement or otherwise such federal, state and local taxes as may be required to be withheld pursuant to applicable law.

[Signature page follows]

In witness whereof, parties have executed this Agreement as of the date first above written.

COMPANY:

Spectrum Pharmaceuticals, Inc.

By: /s/ JOSEPH W. TURGEON
Joseph W. Turgeon
Chief Executive Officer

EXECUTIVE:

/s/ DR. FRANCOIS LEBEL
Dr. Francois Lebel

EXHIBIT A

GENERAL RELEASE

I, Dr. Francois Lebel, in consideration of and subject to the performance by Spectrum Pharmaceuticals, Inc. (together with its subsidiaries and successors, the "Company"), of its obligations under the Executive Employment Agreement dated as of June 19, 2019 (the "Agreement"), do hereby release and forever discharge as of the date hereof the Company and its respective affiliates, subsidiaries and direct or indirect parent entities and all present, former and future directors, officers, agents, representatives, employees, successors and assigns of the Company and/or its respective affiliates, subsidiaries and direct or indirect parent entities (collectively, the "Released Parties") to the extent provided below (this "General Release"). The Released Parties are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Agreement.

1. I understand that any payments or benefits paid or granted to me under the Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive certain of the payments and benefits specified in the Agreement unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.

2. Except as provided in paragraphs 4 and 5 below and except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date that this General Release becomes effective and enforceable) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or are connected with my employment with, or my separation or termination from, the Company (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Americans with Disabilities Act Amendments Act of 2008; the Family and Medical Leave Act of 1993; the Labor Management Relations Act; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; the Sarbanes-Oxley Act of 2002; the California Worker Adjustment Retraining and Notification Act; the California Fair Employment and Housing Act; the California Labor Code; the California Family Rights Act; the California Industrial Welfare Commission Wage Orders; the California Constitution; the California Government Code; any applicable Executive Order Programs; the Fair Labor Standards Act; or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance, as well as any amendments to any of the foregoing; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other

expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the "Claims").

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).

5. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however, that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding. Additionally, I am not waiving (i) any right to the severance benefits to which I am entitled under the Agreement, (ii) any claim relating to directors' and officers' liability insurance coverage or any right of indemnification under the Company's organizational documents or otherwise, (iii) claims under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, (iv) claims related to reimbursement of ordinary and reasonable business expenses in accordance with the Company's policies in effect from time to time, and (v) claims relating to any outstanding equity-based award on the date of termination in accordance with the terms thereof.

6. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law. I further agree that I am not aware of any pending claim of the type described in paragraph 2 above as of the execution of this General Release.

7. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

8. I agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees.

9. I agree that this General Release and the Agreement are confidential and agree not to disclose any information regarding the terms of this General Release or the Agreement, except to my immediate family and any tax, legal or other counsel that I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone.

10. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self-regulatory organization or any governmental entity.

11. I hereby acknowledge that Sections 4 through 10 of the Agreement shall survive my execution of this General Release.12. I represent that I am not aware of any claim by me other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it.

I specifically and freely waive any and all rights I may have under California Civil Code Section 1542, which states:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

In waiving the protections of Civil Code Section 1542, I acknowledge awareness of the actual facts and circumstances surrounding the Agreement upon which this release is given. To effect a full and complete waiver and release, I assume the risk that I may later discover facts different from those I now know or believe to be true.

13. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement after the date hereof.

14. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;

2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

5. I HAVE HAD AT LEAST 45 DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT, AND THE CHANGES MADE SINCE MY RECEIPT OF THIS RELEASE ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT RESTART THE REQUIRED 45 DAY PERIOD;

6. I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

7. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

8. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNED: DATED:

NAME: Dr. Francois Lebel

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Joseph W. Turgeon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 9, 2019

/s/ JOSEPH W. TURGEON

Joseph W. Turgeon
President and Chief Executive Officer
(Chief Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Kurt A. Gustafson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 9, 2019

/s/ Kurt A. Gustafson

Kurt A. Gustafson
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Joseph W. Turgeon, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report of Spectrum Pharmaceuticals, Inc. on Form 10-Q for the quarterly period ended June 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents in all material respects the financial condition and results of operations of Spectrum Pharmaceuticals, Inc.

Date: August 9, 2019

By: /s/ JOSEPH W. TURGEON
Name: Joseph W. Turgeon
Title: Chief Executive Officer and President

This certification accompanies the Report pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, or, the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporated by reference.

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Kurt A. Gustafson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report of Spectrum Pharmaceuticals, Inc. on Form 10-Q for the quarterly period ended June 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents in all material respects the financial condition and results of operations of Spectrum Pharmaceuticals, Inc.

Date: August 9, 2019

By: /s/ Kurt A. Gustafson

Name: Kurt A. Gustafson

Title: Executive Vice President and Chief Financial Officer

This certification accompanies the Report pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, or, the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporated by reference.