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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 September 30, 2012

☐ **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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

As of October 26, 2012, 59,543,333 shares of the registrant's common stock were outstanding.

SPECTRUM PHARMACEUTICALS, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2012
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Item 1 and 3 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 per share data)
(Unaudited)

	September 30, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and equivalents	$ 143,283	$ 121,202
Marketable securities	3,308	40,060
Accounts receivable, net of allowance for doubtful accounts of $284 and $471, respectively	90,943	51,703
Inventories, net	12,978	10,762
Prepaid expenses and other current assets	3,853	2,074
Deferred tax assets	11,351	—
Total current assets	265,716	225,801
Investments	—	9,283
Property and equipment, net	2,988	2,681
Intangible assets, net	204,633	41,654
Goodwill	29,976	—
Other assets	6,228	1,361
TOTAL ASSETS	$ 509,541	$ 280,780
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and other accrued obligations	$ 93,289	$ 54,771
Accrued compensation and related expenses	15,057	1,788
Deferred revenue	12,300	12,300
Deferred development costs	700	—
Accrued drug development costs	13,314	9,678
Total current liabilities	134,660	78,537
Capital lease obligations	—	9
Deferred revenue and other credits—less current portion	5,500	14,029
Deferred development costs—less current portion	11,600	—
Deferred payment contingency	2,200	—
Tax liability	169	—
Deferred tax liability	426	—
Other long-term obligations	298	298
Revolving line of credit	75,000	—
Total liabilities	229,853	92,873
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized:	—	—
Series B junior participating preferred stock, $0.001 par value;1,500,000 shares authorized and no shares issued and outstanding		
Series E convertible voting preferred stock—$0.001 par value and $10,000 stated value; 2,000 shares authorized; 20 shares issued and outstanding at September 30, 2012 and December 31, 2011 (aggregate liquidation value of $240)	123	123
Common stock, $0.001 par value—175,000,000 shares authorized; 59,525,328 and 59,247,483 issued and outstanding at September 30, 2012 and December 31, 2011, respectively	60	59
Additional paid-in capital	466,655	452,761
Accumulated other comprehensive gain (loss)	682	(227)
Accumulated deficit	(187,832)	(261,883)
Less: Treasury stock at cost; 0 and 363,055 shares outstanding at September 30, 2012 and December 31, 2011, respectively	—	(2,926)
Total stockholders' equity	279,688	187,907
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 509,541	$ 280,780

See accompanying notes to unaudited condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Income
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Product sales, net	$ 65,871	$ 47,949	$ 188,282	$ 130,759
License and contract revenue	3,171	3,075	9,321	9,225
Total revenues	69,042	51,024	197,603	139,984
Operating costs and expenses:				
Cost of product sales (excludes amortization of purchased intangible assets)	11,155	8,845	31,402	23,555
Selling, general and administrative	23,114	15,811	64,723	47,261
Research and development	10,183	7,388	28,657	20,904
Amortization of purchased intangibles	1,834	930	4,400	2,790
Total operating costs and expenses	46,286	32,974	129,182	94,510
Income from operations	22,756	18,050	68,421	45,474
Change in fair value of common stock warrant liability	—	2,999	—	(3,488)
Other income (expense), net	293	(144)	(1,076)	550
Income before (provision) benefit for income taxes	23,049	20,905	67,345	42,536
(Provision) benefit for income taxes	(1,737)	(650)	18,579	(2,300)
Net income	$ 21,312	$ 20,255	$ 85,924	$ 40,236
Net income per share:				
Basic	$ 0.36	$ 0.38	$ 1.47	$ 0.77
Diluted	$ 0.33	$ 0.34	$ 1.32	$ 0.70
Weighted average shares outstanding:				
Basic	58,912,031	53,810,047	58,564,176	52,477,789
Diluted	65,139,606	59,469,863	64,880,786	57,326,069

See accompanying notes to unaudited condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine months Ended September 30,	
	2012	2011	2012	2011
Net income	$21,312	$20,255	$85,924	$40,236
Other comprehensive income, net of tax:				
Unrealized gain (loss) on securities	1,267	29	966	(55)
Foreign currency translation adjustment	(60)	—	(57)	—
Total comprehensive income	$22,519	$20,284	$86,833	$40,181

See accompanying notes to condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine months Ended September 30,	
	2012	2011
Cash Flows From Operating Activities:		
Net income	$ 85,924	$ 40,236
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred revenue	(9,225)	(9,225)
Depreciation and amortization	6,714	3,991
Stock-based compensation	9,424	15,216
Deferred income tax benefit	(33,298)	—
Change in fair value of common stock warrant liability	—	3,488
Provision for (recovery of) bad debt	(72)	189
Provision for inventory obsolescence	522	—
Loss on disposal of assets	115	31
Foreign currency remeasurement loss	847	—
Excess tax benefits from share-based compensation	(3,752)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(32,334)	(26,904)
Inventories, net	(492)	(6,051)
Prepaid expenses and other assets	9,977	316
Accounts payable and other accrued obligations	26,586	6,350
Accrued compensation and related expenses	496	325
Accrued drug development costs	1,565	4,460
Deferred revenue and other credits	865	(97)
Net cash provided by operating activities	63,862	32,325
Cash Flows From Investing Activities:		
Sales and maturities of marketable securities	71,400	22,156
Purchases of marketable securities	(26,386)	(21,968)
Purchases of property and equipment	(304)	(380)
Purchases of available for sale securities	(1,712)	(164)
Acquisition of ZEVALIN Rights	(25,435)	—
Acquisition of Allos Therapeutics, net of cash acquired	(133,264)	—
Net cash used in investing activities	(115,701)	(356)
Cash Flows From Financing Activities:		
Proceeds from issuance of common stock from stock option exercises	4,592	2,388
Proceeds from issuance of common stock from warrant exercises	—	24,808
Proceeds from contributions to ESPP	372	434
Payments to acquire treasury stock	(8,948)	(2,840)
Repurchase of shares to satisfy minimum tax withholding for restricted stock vesting	(492)	—
Excess tax benefits from share-based compensation	3,752	—
Repayment of capital leases	(9)	(23)
Proceeds from revolving line of credit	75,000	—
Payment of debt issuance costs	(475)	—
Net cash provided by financing activities	73,792	24,767
Effect of exchange rates on cash	128	—
Net increase in cash and cash equivalents	22,081	56,736
Cash and cash equivalents—beginning of period	121,202	53,557
Cash and cash equivalents—end of period	$ 143,283	$110,293
Supplemental Disclosure of Cash Flow Information:		
Conversion of preferred stock to common stock	$ —	$ 37
Common stock issued for Targent milestone	$ —	$ 11,778
Targent milestones included in intangible assets and accrued liabilities	$ —	$ 5,000
Retirement of treasury shares	$ 11,874	$ —
Inventory liability assumed in ZEVALIN Rights acquisition	$ 580	$ —

See accompanying notes to condensed consolidated financial statements.

SPECTRUM PHARMACEUTICALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Business and Basis of Presentation

Business

Spectrum Pharmaceuticals, Inc. ("Spectrum", the "Company", "we", "our", or "us") is a biotechnology company with fully integrated commercial and drug development operations, with a primary focus in oncology and hematology. Our strategy is comprised of acquiring, developing and commercializing a broad and diverse pipeline of late-stage clinical and commercial products. We currently market three oncology drugs—FUSILEV® (levoleucovorin) for injection in the U.S., ZEVALIN® (ibritumomab tiuxetan) injection for intravenous use, for which we have worldwide rights and FOLOTYN® a folate analogue metabolic inhibitor designed to accumulate preferentially in cancer cells. We also have a diversified pipeline of product candidates in advanced-stage Phase 2 and Phase 3 studies. We have assembled an integrated in-house scientific team, including formulation development, clinical development, medical research, regulatory affairs, biostatistics and data management, and have established a commercial infrastructure for the marketing of our drug products. We also leverage the expertise of our worldwide partners to assist in the execution of our strategy.

Basis of Presentation

We have prepared the accompanying unaudited condensed consolidated financial statements, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim reporting. We have condensed or omitted certain information and footnote disclosures normally included in our annual financial statements prepared in accordance with generally accepted accounting principles ("GAAP") pursuant to such rules and regulations. On April 1, 2012, Spectrum acquired the licensing rights to market ZEVALIN (ZEVALIN Rights) outside of the U.S. On September 5, 2012, Spectrum acquired Allos Therapeutics, Inc. ("Allos"). See Note 2. Commencing September 5, 2012, the Company's financial statements include the assets, liabilities, operating results and cash flows of ZEVALIN Rights and Allos.

The condensed consolidated financial statements include our accounts and our wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. The unaudited condensed consolidated financial statements reflect all adjustments, which are normal and recurring, that are, in the opinion of management, necessary to fairly state the financial position as of September 30, 2012 and the results of operations and cash flows for the related interim periods ended September 30, 2012 and 2011. The results of operations for the three and nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012 or for any other periods. The unaudited financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2011, included in the Annual Report on Form 10-K filed with the SEC.

Significant Accounting Policies

The accounting policies followed by us and other information are contained in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2011 included in our Annual Report on Form 10-K filed on March 2, 2012 with the SEC. We have not changed our significant accounting policies as of September 30, 2012. You should read this Quarterly Report on Form 10-Q in connection with the information contained in our Annual Report on Form 10-K filed on March 2, 2012.

Variable Interest Entity

Our Canadian affiliate, Spectrum Pharma Canada, is owned 50% by us and was organized in Quebec, Canada in January 2008. We fund 100% of the expenditures and, as a result, we are the party with the controlling financial interest. We are the primary beneficiary of Spectrum Pharma Canada, which is determined to be a variable interest entity. As a result of this characterization, it is consolidated in our financial statements as though it is a wholly-owned subsidiary. We have eliminated all significant intercompany balances and transactions among the consolidated entities from the condensed consolidated financial statements.

Segment and Geographic Information

We operate in one reportable segment: acquiring, developing and commercializing prescription drug products. We evaluate all revenues by product in the aggregate given the similarity of product, production processes, customers, distribution methods and regulatory environment. Accordingly, we report the accompanying condensed consolidated financial statements in the aggregate, including all of our activities in one reportable segment.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent obligations in the financial statements and accompanying notes. The estimation process requires assumptions to be made about future events and conditions, and as such, is inherently subjective and uncertain. Actual results could differ materially from our estimates.

Revenue Recognition

Revenue from product sales is recognized upon shipment of product when title and risk of loss have transferred to the customer. We sell our products to wholesalers and distributors of oncology products and directly to the end user, directly or through Global Purchasing Organizations or GPO's (e.g., certain hospitals or hospital systems and clinics with whom we have entered into a direct purchase agreement). Our wholesalers and distributors purchase our products and sell the products directly to end users, which include, but are not limited to, hospitals, clinics, medical facilities, managed care facilities and private oncology based practices. Revenue from product sales is recognized upon shipment of product when title and risk of loss have transferred to the customer, and the following additional criteria are met:

(i) the price is substantially fixed and determinable;

(ii) our customer has economic substance apart from that provided by us;

(iii) our customer's obligation to pay us is not contingent on resale of the product;

(iv) we do not have significant obligations for future performance to directly bring about the resale of our product; and

(v) we have a reasonable basis to estimate future returns.

Generally, revenue is recognized when all four of the following criteria are met:

(i) persuasive evidence that an arrangement exists;

(ii) delivery of the products has occurred, or services have been rendered;

(iii) the selling price is both fixed and determinable; and

(iv) collectability is reasonably assured.

Provision for estimated product returns, sales discounts, rebates, chargebacks and distribution and data fees are established as a reduction of gross product sales at the time such revenues are recognized. Thus, revenue is recorded, net of such estimated provisions.

License, collaboration and other

Milestone payments under collaborative arrangements are triggered either by the results of our research and development efforts or by specified sales results by a third-party collaborator. A milestone is defined as an event (i) that can only be achieved based in whole or in part either on the entity's performance or on the occurrence of a specific outcome resulting from the entity's performance, (ii) for which there is substantive uncertainty at the date the arrangement is entered into that the event will be achieved, and (iii) that would result in additional payments being due to the entity. A milestone is substantive if the consideration earned from the achievement of the milestone is consistent with our performance required to achieve the milestone or the increase in value to the collaboration resulting from our performance, relates solely to our past performance, and is reasonable relative to all of the other deliverables and payments within the arrangement.

Our license and collaboration agreements with our partners provide for payments to us upon the achievement of development milestones, such as the completion of clinical trials or regulatory submissions, approvals by health authorities, commercial launches of drug candidates and achievement of certain revenues. Given the challenges inherent in developing and obtaining approval for drug products and in achieving commercial launches, there was substantial uncertainty whether any such milestones would be achieved at the time of execution of these licensing and collaboration agreements. In addition, we evaluated whether the development milestones received met the remaining criteria to be considered substantive. As a result of our analysis, we consider our development milestones under all of our license and collaboration agreements to be substantive and, accordingly, we expect to recognize as revenue future payments received from such milestones only if and as each milestone is achieved.

Our license and collaboration agreements with certain partners also provide for contingent payments to us based solely upon the performance of the respective partner. For such contingent amounts we expect to recognize the payments as revenue when earned under the applicable contract, provided that collection is reasonably assured.

Intangible Assets

Intangible assets are reviewed for impairment when facts or circumstances suggest that the carrying value of these assets may not be recoverable. The Company's policy is to identify and record impairment losses, if necessary, on intangible product rights when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. It is the Company's policy to expense costs as incurred in connection with the renewal or extension of its intangible assets.

As part of the acquisition of Allos, we recorded intangible assets related to license and distribution rights and in-process research and development. The license and distribution rights are amortized over the expected patent life of 10 years. Refer to Note 6 for further information regarding intangible assets.

Goodwill

We accounted for the acquisition of Allos under the purchase method of accounting in accordance with accounting pronouncements. Under the purchase method of accounting, the total purchase price is allocated to the net tangible and intangible assets acquired and liabilities assumed of Allos based on their estimated fair values. The total consideration paid by Spectrum to Allos consisted of cash and a contingent value right. The excess of the fair value of the total consideration over the net identifiable assets and intangibles was allocated to goodwill. Goodwill will be tested for impairment at least annually, or whenever events or circumstances occur that indicate impairment might have occurred in accordance with accounting pronouncements.

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board (FASB) issued an accounting standards update that eliminates the option to present components of other comprehensive income as part of the statement of changes in equity and requires an entity to present items of net income and other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance also requires an entity to present on the face of the financial statements reclassification adjustments from other comprehensive income to net income. This guidance became effective for fiscal years beginning after December 15, 2011. In December 2011, the FASB issued an accounting standards update that defers the presentation requirement for other comprehensive income reclassifications on the face of the financial statements. We adopted the provisions of the guidance in the first quarter of 2012 and elected to present items of net income and other comprehensive income in two separate but consecutive statements. In May 2011, the FASB issued an accounting standards update that clarifies and amends the existing fair value measurement and disclosure requirements. This guidance became effective prospectively for interim and annual periods beginning after December 15, 2011. We adopted the provisions of the guidance in the first quarter of 2012. The adoption did not have a material impact on our consolidated financial statements.

In May 2011, the FASB issued an accounting standards update that clarifies and amends the existing fair value measurement and disclosure requirements. This guidance became effective prospectively for interim and annual periods beginning after December 15, 2011. We adopted the provisions of the guidance in the first quarter of 2012. The adoption did not have a material impact on our consolidated financial statements.

Acquisitions and Collaborations

For all in-licensed products, we perform an analysis to determine whether we hold a variable interest or interests that give us a controlling financial interest in a variable interest entity. On the basis of our interpretations and conclusions, we determine whether the acquisition falls under the purview of variable interest entity accounting and if so, consider the necessity to consolidate the acquisition. As of September 30, 2012, we determined there were no variable interest entities required to be consolidated other than our Canadian affiliate, Spectrum Pharma Canada.

We also perform an analysis to determine if the inputs and/or processes acquired in an acquisition qualify as a business. On the basis of our interpretations and conclusions, we determine if the in-licensed products qualify as a business and whether to account for such products as a business combination or an asset acquisition. The excess of the purchase price over the fair value of the net assets acquired can only be recognized as goodwill in a business combination.

Basic and Diluted Earnings per Share

We calculate basic and diluted net income per share using the weighted average number of common shares outstanding during the periods presented, and adjust the amount of net income used in this calculation for preferred stock dividends (if any) declared during the period. In periods of a net loss position, basic and diluted weighted average shares are the same. For the diluted earnings per share calculation, we adjust the weighted average number of common shares outstanding to include dilutive stock options, warrants and other common stock equivalents outstanding during the period.

(in thousands, except share and per share data)	Net Income	Weighted-Average Shares Outstanding (Denominator)	Earnings Per Share
Three Months Ended September 30, 2012			
Basic earnings per share:	$ 21,312	58,912,031	$ 0.36
Diluted earnings per share:			
Dilutive preferred shares		40,000	
Dilutive options		4,863,932	
Incremental shares assumed issued on exercise of in the money warrants		279,518	
Unvested restricted stock		1,044,125	
Diluted earnings per share	$ 21,312	65,139,606	$ 0.33
Potentially dilutive securities not included above since they were antidilutive:			
Antidilutive options		696,500	

(in thousands, except share and per share data)	Net Income	Weighted-Average Shares Outstanding (Denominator)	Earnings Per Share
Three Months Ended September 30, 2011			
Basic earnings per share:	$ 20,255	53,810,047	$ 0.38
Diluted earnings per share:			
Dilutive preferred shares		40,000	
Dilutive options		4,548,411	
Incremental shares assumed issued on exercise of in the money warrants		198,285	
Unvested restricted stock		281,535	
Targent milestone which may be settled in cash or stock		591,585	
Diluted earnings per share	$ 20,255	59,469,863	$ 0.34
Potentially dilutive securities not included above since they were antidilutive:			
Antidilutive options		80,000	

(in thousands, except share and per share data)	Net Income	Weighted-Average Shares Outstanding (Denominator)	Earnings Per Share
Nine months Ended September 30, 2012			
Basic earnings per share:	$ 85,924	58,564,176	$ 1.47
Diluted earnings per share:			
Dilutive preferred shares		40,000	
Dilutive options		4,959,558	
Incremental shares assumed issued on exercise of in the money warrants		272,927	
Unvested restricted stock		1,044,125	
Diluted earnings per share	$ 85,924	64,880,786	$ 1.32
Potentially dilutive securities not included above since they were antidilutive:			
Antidilutive options		737,230	

(in thousands, except share and per share data)	Net Income	Weighted-Average Shares Outstanding (Denominator)	Earnings Per Share
Nine months Ended September 30, 2011			
Basic earnings per share:	$ 40,236	52,477,789	$ 0.77
Diluted earnings per share:			
Dilutive preferred shares		40,000	
Dilutive options		3,973,475	
Incremental shares assumed issued on exercise of in the money warrants		174,652	
Unvested restricted stock		258,644	
Targent milestone which may be settled in cash or stock		401,509	
Diluted earnings per share	$ 40,236	57,326,069	$ 0.70
Potentially dilutive securities not included above since they were antidilutive:			
Antidilutive options		365,500	

2. Acquisitions

Licensing Rights of ZEVALIN Outside the U.S.

On April 1, 2012, through a subsidiary, Spectrum Pharmaceuticals Cayman, L.P., we completed the acquisition of licensing rights to market ZEVALIN outside of the U.S. (ZEVALIN Rights) from Bayer Pharma AG or Bayer. Pursuant to the terms of the agreement, Spectrum acquired all rights including marketing, selling, intellectual property and access to existing inventory of ZEVALIN from Bayer. We currently market ZEVALIN in the U.S. and this agreement expanded our commercial efforts to the rest of the world. ZEVALIN is currently approved in more than 40 countries outside the U.S. for the treatment of B-cell non-Hodgkin lymphoma, including countries in Europe, Latin America and Asia. Under the terms of the agreement, Spectrum obtained marketing rights, patents, and access to existing inventory of ZEVALIN from Bayer. In consideration for the rights granted under the agreement, concurrent with the closing, Spectrum paid Bayer a one-time fee of Euro 19 million or approximately USD $25.4 million and will pay Bayer royalties based on a percentage of net sales of the licensed products in all territories worldwide except the U.S. Under the agreement, we also acquired access to existing inventory of ZEVALIN. Concurrent with the closing, we entered into certain ancillary agreements including but not limited to a transition services agreement to transition the business.

We accounted for the acquisition of ZEVALIN Rights as a business combination using the acquisition method of accounting which requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the purchase date and be recorded on the balance sheet regardless of the likelihood of success of the related product or technology. The process for estimating the fair values of identifiable intangible assets involves the use of significant estimates and assumptions, including estimating future cash flows and developing appropriate discount rates. Transaction costs are not included as a component of consideration transferred and were expensed as incurred. The ZEVALIN Rights related transaction costs expensed for the nine months ended September 30, 2012 were $687,384.

Consideration Transferred

The acquisition-date fair value of the consideration transferred consisted of the following items ($ in 000’s):

Cash consideration for ZEVALIN Rights	$ 25,435
Total liabilities assumed	580
Total purchase consideration	$ 26,015

Fair Value Estimate of Assets Acquired and Liabilities Assumed

The total purchase consideration is allocated to ZEVALIN Rights net tangible and intangible assets based on their estimated fair values as of the closing date. The allocation of the total purchase price to the net assets acquired and included in our condensed consolidated balance sheet is as follows ($ in thousands):

ZEVALIN product line/marketing rights	$ 19,810
Customer relationships	3,680
Identified intangible assets	23,490
Goodwill	2,525
Total fair value of assets acquired	$ 26,015

We estimated the fair value of the acquired marketing rights and customer relationships intangible assets using the income approach. The income approach uses valuation techniques to convert future amounts to a single present amount (discounted). The Company's measurement is based on the value indicated by current market expectations about those future amounts. The fair value estimate took into account our estimates of future incremental earnings that may be achieved by the promotion and distribution contract intangible assets, and included estimated cash flows of approximately 22 years and a discount rate of 14% to 26%.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Specifically, the goodwill recorded as part of the acquisition of ZEVALIN Rights includes benefits that the Company believes will result from expanding geographical sales internationally and any intangible assets that do not qualify for separate recognition. Goodwill is not amortized and is not deductible for tax purposes.

These identified intangible assets are being amortized over the estimated useful life of 10 years. Included in amortization of purchased intangibles expense in the accompanying statement of income for the three and nine months ended September 30, 2012 is $718,000 and $1.4 million, respectively, related to the amortization of these intangibles.

We do not consider the acquisition of the licensing rights to market ZEVALIN outside the U.S. to be a material business combination and, therefore, have not disclosed the pro forma results of operations as required for material business combinations.

Allos Acquisition

Pursuant to the terms of the Agreement and Plan of Merger dated April 4, 2012 among Spectrum, Allos and Sapphire Acquisition Sub, Inc., Spectrum acquired a total of 96,259,850 shares pursuant to a tender offer, representing approximately 89.98% of the outstanding shares of Allos common stock on September 5, 2012 for an amount equal to the price per share of $1.82 in cash. Allos develops and markets anti-cancer therapeutics in the United States. As a result of the acquisition, we acquired an assembled sales force and anti-cancer therapeutics which enhanced our existing product base.

As part of the purchase consideration, Spectrum agreed to pay Allos shareholders an additional $0.11 per share if FOLOTYN® receives a conditional regulatory approval in the European Union or the EU, by December 31, 2012 and the first reimbursable commercial sale of FOLOTYN® in the lead indication in the third EU major market country is made by December 31, 2013. In January 2012, the European Medicines Agency, or EMA, Committee for Medicinal Products for Human Use, or CHMP, adopted an opinion recommending against approval of Allos' Marketing Authorisation Application, or MAA, for FOLOTYN for the treatment of patients with relapsed or refractory peripheral T-cell lymphoma or PTCL in Europe. Allos submitted a request for the re-examination of the CHMP opinion in January 2012, and, on April 19, 2012, the CHMP confirmed its position and adopted a final opinion recommending against approval of the MAA. On the same day, the CHMP forwarded a copy of its final opinion to the European Commission, or the EC, which is the regulatory authority responsible for rendering a final decision on the MAA. On June 21, 2012, Allos received a letter from the EC stating that the EC had adopted the CHMP's opinion recommending against approval of the MAA. The decision is final and binding. Therefore, Spectrum management does not believe that the milestones triggering the contingent value right are achievable within the specified time frame and accordingly, did not value the contingent value right. We will continue to evaluate the fair value of the contingent value right through December 31, 2013. The Allos related transaction costs expensed for the three and nine months ended September 30, 2012 of $2.2 million and $5.5 million, respectively, were included in selling, general and administrative expenses.

Consideration Transferred

The Allos acquisition purchase price was allocated to tangible and intangible assets acquired and liabilities assumed based upon their estimated fair value at the acquisition date. The following table summarizes the purchase price ($ in 000's):

Cash consideration	$ 205,204
Contingent value right	—
Total purchase consideration	$ 205,204

Fair Value Estimate of Assets Acquired and Liabilities Assumed

Under the purchase method of accounting, the total purchase consideration is allocated to Allos net tangible and intangible assets based on their estimated fair values as of the closing date. The excess of the purchase price over the fair value of assets acquired and liabilities assumed was allocated to goodwill. The goodwill acquired is not deductible for tax purposes. The following table summarizes the fair value of the net assets acquired and included in our condensed consolidated balance sheet is as follows ($ in 000's):

Cash	$ 71,940
Accounts receivable	6,835
Related party receivable	10,482
Inventory	2,246
Other current assets	1,527
Fixed assets	913
FOLOTYN distribution rights – US & Canada	118,400
FOLOTYN license with Mundipharma	27,900
Goodwill	27,550
Total assets acquired	267,793
Accounts payable & accrued liabilities	25,716
Mundipharma R&D expense liability	12,300
Deferred payment contingency	2,200
Deferred tax liabilities, net	22,373
Total liabilities assumed	62,589
Net assets acquired	$205,204

The acquired intangible assets consisted of developed technology for approved indications of currently marketed products. The acquired intangible assets principally relate to the FOLOTYN® distribution rights in the United States and Canada. The weighted-average amortization period for such intangible assets acquired is outlined in the table below:

	Value of Intangible Assets Acquired	Weighted-Average Amortization Period
In-process research and development—FOLOTYN® Distribution Rights	$118,400	(1)
FOLOTYN® License & Distribution Agreement with Mundipharma	27,900	10 years
Total identifiable intangible assets	$146,300	

(1) Acquired in-process research and development ("IPR&D) is an intangible asset classified as an indefinite-lived until the completion or abandonment of the associated R&D effort, and will be amortized over an estimated useful life to be determined at the date the project is completed. Intangible IPR&D is not amortized during the period that it is considered indefinite-lived but rather tested for impairment.

Included in amortization of purchased intangibles expense in the accompanying statement of income for the three and nine months ended September 30, 2012 is $186,000 related to the amortization of these intangibles.

The fair value of the acquired in-process research and development and license and distribution agreement intangible assets was estimated using the income approach. The income approach uses valuation techniques to convert future amounts to a single present amount (discounted). Our measurement is based on the value indicated by current market expectations about those future amounts. The fair value considered our estimates of future incremental earnings that may be achieved by the intangible assets.

Goodwill is calculated as the excess of the purchase consideration transferred over the net assets recognized and represents the future economic benefits arising other assets acquired that could not be individually identified and separately recognized. Specifically, the goodwill recorded as part of the acquisition of Allos includes benefits that the Company believes will result from combining the operations of Allos with the operations of Spectrum and any intangible assets that do not qualify for separate recognition, as well as future, yet unidentified products. The Allos acquisition will also allow us to gain additional expertise and intellectual property for the next generation of anti-cancer therapeutics, an expanded and complimentary product mix, and an assembled sales force, which we believe supports the amount of goodwill recognized. Goodwill is not amortized and is not deductible for tax purposes.

Deferred tax liability reflects taxes associated with the acquired in-process research and development and license and distribution intangible assets recognized as part of the acquisition.

The results of operations for the acquisition discussed above is included in the consolidated statements of operations from the acquisition date. The pro forma results of continuing operations are prepared for comparative purposes only and do not necessarily reflect the results that would have occurred had the acquisition occurred at the beginning of the years presented or the results which may occur in the future. The following unaudited pro forma results of operations for the nine months ended September 30, 2012, assume the Allos acquisition had occurred on January 1, 2012 and for the nine months ended September 30, 2011, assume the acquisition had occurred on January 1, 2011 ($ in 000's):

	Nine Months Ended September 30,	
	2012	2011
	(Unaudited)	
Total revenues	$229,012	$199,329
Income from continuing operations	$ 44,775	$ 13,894
Net income	$ 53,036	$ 7,383
Basic net income per share	$ 0.91	$ 0.14
Diluted net income per share	$ 0.82	$ 0.13

With respect to the acquisition discussed above, we believe the fair values assigned to the assets acquired and liabilities assumed were based upon reasonable assumptions. Our allocations of the purchase price is largely dependent on discounted cash flow analyses of projects and products of Allos. We cannot provide assurance that the underlying assumptions used to forecast the cash flows or the timely and successful completion of such projects will materialize as we estimated. For these reasons, among others, our actual results may vary significantly from the estimated results.

The recorded purchase price amounts are preliminary and subject to change as we are awaiting additional information related to income taxes. The effects of final adjustments, if any, on the purchase price allocation are not expected to be material.

Revenues and net loss of Allos included in our condensed consolidated financial statements from the date of acquisition, September 5, 2012 to September 30, 2012, were $6.0 million and ($1.0) million, respectively, after a provision for income taxes of $1.4 million.

3. Revolving Line of Credit

In connection with the Allos Acquisition (Note 2) , we entered into a credit agreement on September 5, 2012 or Credit Agreement, with Bank of America, N.A, as the administrative agent and Wells Fargo Bank, N.A, as an initial lender. The Credit Agreement provides us with a committed $75 million revolving line of credit facility, or Credit Facility. We may increase the Credit Facility up to $125 million, subject to meeting certain customary conditions and obtaining commitments for such increase from the lenders. The Credit Facility expires on September 5, 2014.

The Credit Facility bears interest at a rate equal to the London Interbank Offer Rate, or LIBOR rate, or the base rate, plus an applicable margin as selected by management (4.5% at September 30, 2012). The applicable margin is as follows:

- if the consolidated leverage ratio as at the last test date is less than 0.5:1.0, 1.75% per annum (for LIBOR rate loans) or .75% (for base rate loans);
- if the consolidated leverage ratio as at the last test date is greater than 0.5:1.0 but less than 1.0:1.0, 2.00% per annum (for LIBOR rate loans) or 1.00% (for base rate loans); and
- if the consolidated leverage ratio as at the last test date is greater than 1.0:1.0, 2.25% per annum (for LIBOR rate loans) or 1.00% (for base rate loans).

The base rate is subject to a floor that is 100 basis points above the LIBOR rate. The LIBOR rate does not include a floor and, with respect to it, interest periods of 1, 2, 3 and 6 months may be selected. Related interest expense was $141,000 for the three and nine months ended September 30, 2012, respectively.

We incurred $955,000 in related loan costs and fees, which were deferred and will be amortized using the effective interest method over 24 months, the term of the Credit Facility. Amortization expense included in interest expense in the accompanying condensed consolidated statements of income was $40,000 for the three and nine months ended September 30, 2012.

An unused line fee is payable quarterly in an amount ranging from 0.375 to 0.625% of the sum of the average daily unused portion of the facilities during any quarter based upon consolidated leverage ratio as at the last test date. A customary fee is also payable to the administrative agent on an annual basis in advance. Related fees included in interest expense in the accompanying condensed consolidated statements of income was $10,000 for the three and nine months ended September 30, 2012.

The direct and indirect domestic subsidiaries of the Company, including Allos, as a new wholly-owned subsidiary, guaranty the facility obligations.

The Credit Agreement includes the following quarterly financial covenants:

- The Company may not permit the consolidated interest coverage ratio of the Company and its subsidiaries as of the end of any fiscal quarter to be less than 3.00 to 1.00;
- The Company may not permit the consolidated leverage ratio at any time set forth below to be greater than the ratio set forth below opposite such period:

Measurement Period Ending	Maximum Consolidated Leverage Ratio
Closing Date through September 30, 2012	2.00 to 1.00
December 31, 2012 and each fiscal quarter thereafter	1.50 to 1.00

- The Company may not permit the ratio of (i) the sum of (A) unencumbered cash and cash equivalents of the Company and its subsidiaries on a consolidated basis, plus (B) net accounts receivable of the Company and its subsidiaries on a consolidated basis, to (ii) consolidated funded indebtedness as of the end of any fiscal quarter to be less than 2.00 to 1.00.

In addition, the Credit Agreement includes certain negative covenants that, subject to exceptions, limit our ability to, among other things incur additional indebtedness, engage in future mergers, consolidations, liquidations and dissolutions, sell assets, pay dividends and distributions on or repurchase capital stock, and enter into or amend other material agreements. The Credit Agreement also includes certain customary representations and warranties, affirmative covenants and events of default, which are set forth in more detail in the Credit Agreement.

On the closing date of September 5, 2012, we drew $50 million on the Credit Facility and used the proceeds to pay a portion of the purchase price for Allos (See Note 2). At September 30, 2012, $75 million was outstanding on the Credit Facility and there no amounts available to borrow. At September 30, 2012, we were in compliance with all financial covenants.

Additional revolving loans may be drawn and all revolving loans may be repaid and re-borrowed from time to time in an amount not to exceed the total commitment amount. Any such loan proceeds may be used for working capital and other general corporate purposes for us or our subsidiaries. The Credit Agreement includes certain customary representations and warranties, affirmative covenants and events of default, which are set forth in more detail in the Credit Agreement.

4. Cash, Equivalents and Marketable Securities

As of September 30, 2012, we held substantially all of our cash, equivalents and marketable securities at major financial institutions, which must invest our funds in accordance with our investment policy with the principal objectives of such policy being preservation of capital, fulfillment of liquidity needs and above market returns commensurate with preservation of capital. Our investment policy also requires that investments in marketable securities be in only highly rated instruments, which are primarily US treasury bills or US treasury backed securities, with limitations on investing in securities of any single issuer. We maintain cash balances in excess of federally insured limits in reputable financial institutions. To a limited degree, the Federal Deposit Insurance Corporation and third parties insure these investments. However, these investments are not insured against the possibility of a complete loss of earnings or principal and are inherently subject to the credit risk related to the continued credit worthiness of the underlying issuer and general credit market risks. We manage such risks on our portfolio by investing in highly liquid, highly rated instruments and limit investing in long-term maturity instruments.

Cash, equivalents and marketable securities, including long term bank certificates of deposits, and investments totaled $149.2 million and $170.6 million as of September 30, 2012 and December 31, 2011, respectively. Long term bank certificates of deposit include a $251,000 restricted certificate of deposit that collateralizes tenant improvement obligations to the lessor of our principal offices. The following is a summary of such investments (in 000's):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated fair Value	Cash	Marketable Security	
						Current	Long Term
September 30, 2012							
Cash and equivalents	$143,283	$ —	$ —	$143,283	$143,283	$ —	$ —
Bank CDs (including restricted certificate of deposit of $250)	2,218	—	—	2,218	—	2,218	—
Money market currency funds	1,090	—	—	1,090	—	1,090	—
Other securities (included in other assets)	1,747	—	896	2,643	—	—	2,643
Total investments	$148,338	$ —	$ 896	$149,234	$143,283	$ 3,308	$2,643
December 31, 2011							
Cash and equivalents	$121,202	$ —	$ —	$121,202	$121,202	$ —	$ —
Bank CDs (including restricted certificate of deposit of $500)	27,845	—	—	27,845	—	18,562	9,283
Money market currency funds	14,485	—	—	14,485	—	14,485	—
U.S. Government securities	7,013	—	—	7,013	—	7,013	—
Other securities (included in other assets)	35	—	29	6	—	—	6
Total investments	$170,580	$ —	$ 29	$170,551	$121,202	$40,060	$9,289

As of September 30, 2012, none of the securities had been in a continuous unrealized loss position longer than one year.

5. Fair Value Measurements

The carrying values of our cash and cash equivalents, marketable securities, other securities and common stock warrants, carried at fair value as of September 30, 2012 and December 31, 2011 are classified in the table below in one of the three categories of the fair value hierarchy described below:

	Fair Value Measurements ($ in '000's)			
	Level 1	Level 2	Level 3	Total
September 30, 2012				
Assets:				
Cash and equivalents	$143,283	$ —	$ —	$143,283
Bank CDs (including restricted certificate of deposit of $250)	—	2,218	—	2,218
Money market currency funds	—	1,090	—	1,090
Cash and equivalents, and marketable securities and investments	143,283	3,308	—	146,591
Deferred compensation investments, including life insurance cash surrender value	—	2,308	—	2,308
Other securities	2,643	—	—	2,643
	$145,926	$5,616	$ —	$151,542
Liabilities:				
Deferred executive compensation liability	—	1,785	—	1,785
Deferred development costs	—	—	12,300	12,300
Deferred payment contingency	—	—	2,200	2,200
Contingent value right	—	—	—	—
	$ —	$1,785	$14,500	$ 16,285

	Fair Value Measurements ($ in '000's)			
	Level 1	Level 2	Level 3	Total
December 31, 2011				
Assets:				
Cash and equivalents	$121,202	$ —	$ —	$121,202
Bank CDs (including restricted certificate of deposit of $500)	—	27,845	—	27,845
Money market currency funds	—	14,485	—	14,485
U.S. Government securities	—	7,013	—	7,013
Cash and equivalents, marketable securities and investments	121,202	49,343	—	170,545
Deferred compensation investments	—	972	—	972
Other securities	6	—	—	6
	$121,208	$50,315	$ —	$171,523
Liabilities:				
Deferred executive compensation liability	—	969	—	969
	$ —	$ 969	$ —	$ 969

We measure fair value based on the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 accessible at the measurement date. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data. These inputs include quoted prices for similar assets or liabilities; quoted market prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in the assessment of fair value. Cash equivalents consist of certificates of deposit and are valued at cost, which approximates fair value due to the short-term maturities of these instruments. Marketable securities consist of certificates of deposit, US Government Treasury bills, US treasury-backed securities and corporate deposits, which are stated at carrying value as it approximates fair market value due to the short term maturities of these instruments.

The fair value of the deferred development cost liability was valued using the discounted cash flow method of the income approach. The fair value of the deferred payment contingency was valued using the discounted cash flow method of the income approach. The unobservable inputs to the valuation models that have the most significant effect on the fair value of the Company's deferred development cost liability and deferred payment contingency are the determination of present value factors for future cash flows.

A majority of our financial assets have been classified as Level 2. These assets have been initially valued at the transaction price and subsequently valued utilizing third party pricing services. The pricing services use many observable market inputs to determine value, including reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events. We validate the prices provided by our third party pricing services by understanding the models used, obtaining market values from other pricing sources, analyzing pricing data in certain instances and confirming those securities trade in active markets.

We did not elect the fair value option, as allowed, to account for financial assets and liabilities that were not previously carried at fair value. Therefore, material financial assets and liabilities that are not carried at fair value, such as trade accounts receivable and payable, are reported at their historical carrying values.

The following summarizes the activity of Level 3 inputs measured on a recurring basis for the nine months ended September 30, 2012:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) ($ in 000's)
Balance at December 31, 2011	$ —
Transfers in / (out) of Level 3:	
Deferred development costs	12,300
Deferred payment contingency	2,200
Contingent right value	—
Balance at September 30, 2012	$ 14,500

6. Intangible Assets and Goodwill

Intangible assets consist of the following ($ in 000's):

	September 30, 2012			
	Gross Amount	Accumulated Amortization	Foreign Currency Translation	Net Amount
ZEVALIN intangibles—US	$ 41,900	$ (18,805)	$ —	$ 23,095
ZEVALIN intangibles –ZEVALIN Rights	23,940	(1,424)	(1,383)	21,133
FUSILEV intangibles	16,778	(2,487)	—	14,291
FOLOTYN license with Mundipharma	27,900	(186)	—	27,714
FOLOTYN distribution rights – US & Canada	118,400	—	—	118,400
Total intangible assets	$228,918	$ (22,902)	$ (1,383)	$204,633

	December 31, 2011			
	Gross Amount	Accumulated Amortization	Foreign Currency Translation	Net Amount
ZEVALIN intangibles—US	$ 41,900	$ (16,015)	$ —	$ 25,885
FUSILEV intangibles	16,778	(1,009)	—	15,769
Total intangible assets	$ 58,678	$ (17,024)	$ —	$ 41,654

During the three and nine months ended September 30, 2012, ZEVALIN and FOLOTYN intangible amortization of $1.8 million and $4.4 million, respectively, is included in amortization of purchased intangibles. In addition, during the three and nine months ended September 30, 2012, $493,000 and $1.5 million is included in cost of goods sold related to FUSILEV milestones.

During the three and nine months ended September 30, 2011, ZEVALIN intangible amortization of $1.3 million and $3.3 million, respectively, are included in amortization of purchased intangibles. In addition, during the three months ended September 30, 2011, $515,000 is included in cost of goods sold related to FUSILEV Targent milestones achieved in 2011.

Future amortization of intangible assets is as follows ($ in 000's):

Years Ending December 31	
2012	$ 2,874
2013	11,495
2014	11,495
2015	11,495
2016	11,495
Thereafter	37,379
	$86,233

Goodwill

Changes in the carrying amount of goodwill through September 30, 2012 were as follows:

	September 30, 2012 ($ in '000's)
Balance at December 31, 2011	$ —
Acquisition of ZEVALIN Rights	2,525
Acquisition of Allos	27,550
Foreign exchange translation effects	(99)
	$ 29,976

7. Inventories

Inventories, net of allowances consisted of the following:

	September 30, 2012	December 31, 2011
	($ in '000's)	
Raw materials	$ 1,210	$ 1,213
Work-in-process	7,173	4,726
Finished goods	4,595	4,823
	$ 12,978	$ 10,762

We continually review product inventories on hand, evaluating inventory levels relative to product demand, remaining shelf life, future marketing plans and other factors, and record reserves for obsolete and slow-moving inventories for amounts which we may not realize.

8. Accounts payable and accrued obligations

Accounts payable and other accrued obligations consisted of the following:

	September 30, 2012	December 31, 2011
	($ in '000's)	
Trade payables	$ 23,886	$ 9,805
Allowance for rebates	11,800	8,114
Accrued product royalty	13,372	11,003
Allowance for returns	5,007	4,000
Accrued data and distribution fees	7,223	5,866
Accrued GPO administrative fees	1,424	2,562
Inventory management fee	2,950	1,380
Accrued income taxes	4,730	1,409
Allowance for chargebacks	12,581	950
Other accrued obligations	10,316	9,682
	$ 93,289	$ 54,771

9. Income Taxes

On an interim basis, we estimate that the anticipated annual effective tax rate for the provision for income taxes will be 18.1% and have recorded a quarterly income tax provision in accordance with this anticipated annual rate. The annual effective rate is below the U.S. Federal statutory rate principally as a result of tax benefits expected to be realized from the release of our valuation allowance against domestic deferred tax assets based upon projected current year earnings. The effective tax rate may be subject to fluctuations during the year as new information is obtained, which may affect the assumptions used to estimate the annual effective tax rate, including factors such as the valuation allowances against deferred tax assets, the recognition or derecognition of tax benefits related to uncertain tax positions, expected utilization of R&D tax credits and changes in or the interpretation of tax laws in jurisdictions where the we conduct business.

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. When we establish or reduce the valuation allowance against the deferred tax asset the provision for income taxes will increase or decrease, respectively, in the period such determination is made.

Based on the weight of both positive and negative evidence, we concluded that it is more likely than not that our domestic net deferred tax assets will be realized, and therefore, during the quarter ended March 31, 2012 we began the process of releasing our domestic valuation allowance. Through September 30, 2012, we released approximately $26.0 million of our domestic valuation allowance as of January 1, 2012 as a discrete tax benefit. The remaining $20.0 million domestic valuation allowance as of January 1, 2012 will be released as a result of projected current year earnings and is a component in the calculation of our estimated 18.1% annual effective tax. Through June 30, 2012, we had released $24.0 million of the domestic valuation allowance as a discrete item with the remainder being a component of the annual effective tax rate calculation. We maintain a valuation allowance against our foreign net deferred tax assets.

During the quarter ended September 30, 2012 we completed our acquisition of Allos. In connection with our acquisition of Allos, we recorded deferred tax assets of $33.2 million which were net of a valuation allowance of $21.6 million and deferred tax liabilities of $55.6 million. A valuation allowance of $21.6 million was recorded against Allos' deferred tax assets due to the fact that a substantial portion of Allos' deferred tax liabilities relate to indefinite lived In Process Research and Development costs which were not considered a source of income to support the realization of Allos' deferred tax assets. Realization of the balance of Allos' deferred tax assets were primarily supported through estimated income projections. The deferred tax balances referenced above represent preliminary estimates of the deferred tax assets and liabilities acquired. Such amounts are subject to change pending finalization of Allos' tax returns for the period ended September 5, 2012 and completion of the section 382 analysis with respect to acquired net operating loss carryovers and credits.

We recognize excess tax benefits associated with share-based compensation to stockholders' equity only when realized. When assessing whether excess tax benefits relating to share-based compensation have been realized, we follow the with-and-without approach, excluding any indirect effects of the excess tax deductions. Under this approach, excess tax benefits related to share-based compensation are not deemed to be realized until after the utilization of all other tax benefits available to us.

We recognize the impact of a tax position in our financial statements only if that position is more likely than not of being 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.

10. Mundipharma Agreements

As the result of Allos becoming our wholly owned subsidiary effective September 5, 2012, on a consolidated basis we are bound by a strategic collaboration agreement with Mundipharma, or the Mundipharma Collaboration Agreement, pursuant to which we agree to collaborate in the development of FOLOTYN according to a mutually agreed-upon development plan, as updated by the parties from time to time. Under the Mundipharma Collaboration Agreement, we retain full commercialization rights for FOLOTYN in the United States and Canada with Mundipharma having exclusive rights to commercialize FOLOTYN in all other countries in the world, or the Mundipharma territories. Pursuant to the terms of the agreement, we may receive potential regulatory milestone payments of up to $11.5 million and commercial progress- and sales-dependent milestone payments of up to $289.0 million. All of the remaining potential milestone payments are not deemed to be substantive for accounting purposes and will be recognized when the appropriate revenue recognition criteria have been met. We are also entitled to receive tiered double-digit royalties based on net sales of FOLOTYN within Mundipharma's licensed territories.

In connection with the Mundipharma Collaboration Agreement, on a consolidated basis, we are also bound by a separate supply agreement with Mundipharma Medical Company, an affiliate of Mundipharma, pursuant to which we have agreed to supply FOLOTYN for use in clinical trials for which Mundipharma bears operational responsibility and to support Mundipharma's commercial requirements. We refer to this as the Mundipharma Supply Agreement, and we refer to the Mundipharma Supply Agreement and the Mundipharma Collaboration Agreement together as the Mundipharma Agreements.

As part of the Mundipharma Agreements, we are obligated to perform research and development services related to jointly agreed-upon clinical development activities through approximately 2022, with cost sharing as discussed below. The related Mundipharma R&D expense liability of $12.3 million was recorded as its fair value as of September 5, 2012, using the discounted cash flow method of the income approach. The assumptions included internal estimates of research and development personnel needed to perform the research and development services; and estimates of expected cash outflows to third parties for services and supplies over the expected period that the services will be performed, approximately through 2022 for the research and development obligations. The Company will reevaluate the measurement of this liability at each subsequent reporting date. The change in measurement will be recorded to research and development expense.

Under the Mundipharma Collaboration Agreement, Mundipharma is initially responsible for 40% of the joint development costs incurred by the parties, which increases to 50% upon the later of (i) the calendar quarter of the first approval of FOLOTYN in the EU for relapsed or refractory PTCL or first-line PTCL, and (ii) the first calendar quarter in which the development cost differential equals or exceeds $15.0 million. The "development cost differential" is defined as the cumulative amount of joint development costs that Mundipharma would have incurred if it was responsible for 50% of the joint development costs rather than its initial 40% share. To the extent that this development cost differential does not meet or exceed $15.0 million by December 31, 2019, then we are required to pay Mundipharma the difference between $15.0 million and the amount of the development cost differential as of December 31, 2019. We record the joint development cost reimbursements received from Mundipharma as license and other revenue in the statement of operations; and we record the full amount of our joint development costs as research and development expense. License and contract revenue for the three and nine months ended September 30, 2012 includes $96,000 related to the 40% joint development cost reimbursement under the Mundipharma Agreements.

As of September 30, 2012, the development cost differential was $634,000 and our contingent payment obligation related to the development cost differential was approximately $14.4 million. As part of the purchase accounting for the Allos Acquisition discussed in Note 2, we recorded this liability at its fair value of $2.2 million as deferred revenue on the consolidated balance sheet. We will reevaluate the measurement of this liability at each subsequent reporting date. The change in measurement will be recorded to research and development expense.

We will perform the research and development services under the Mundipharma Collaboration Agreement over the period required to complete the jointly agreed-upon clinical development activities, which we estimate to be approximately through 2022 based on our projected clinical trial enrollment and patient treatment-related follow up time periods, with no general right of return.

As of September 30, 2012, accounts receivable related to the Mundipharma Agreements totaled $540,000. As of September 30, 2012, deferred amounts related to the Mundipharma Agreements consisted of ($ in 000's);

	September 30, 2012
Mundipharma R&D expense liability, current portion	$ 700
Mundipharma R&D expense liability, less current portion	$ 11,600
Deferred payment contingency	2,200
	$ 13,800

As discussed in Note 2, we recorded an intangible asset, FOLOTYN license and distribution agreement with Mundipharma totaling $27.9 million to be amortized over approximately 10 years. Included in amortization of purchased intangibles expense in the accompanying statement of income for the three and nine months ended September 30, 2012 is $186,000 related to the amortization of this intangible.

11. Commitments and Contingencies

Facility Lease

We sublease our principal executive office in Henderson, Nevada under a non cancelable operating lease expiring April 30, 2014. We also lease our research and development facility in Irvine, California under a non cancelable operating lease expiring June 30, 2016. The lease agreement (and the sublease agreement each) contains certain scheduled rent increases which are accounted for on a straight-line basis.

As part of our Irvine facility lease renewal in 2009, the landlord agreed to contribute up to approximately $1.5 million toward the cost of tenant improvements. The tenant improvements were completed in the second quarter of 2010 at an aggregate cost of approximately $1.4 million, of which, $451,000 is being financed. This landlord contribution is being amortized on a straight-line basis over the term of the lease as a reduction to rent expense.

Licensing Agreements

We are developing almost all of our drug candidates pursuant to license agreements that provide us with rights in certain territories, among other things, to develop, sublicense, manufacture and sell the drugs. We are generally required to use commercially reasonable efforts to develop the drugs, and are generally responsible for all development, patent filing and maintenance, sales and marketing and liability insurance costs, and are generally contingently obligated to make milestone payments to the licensors if we successfully reach development and regulatory milestones specified in the license agreements. In addition, we are obligated to pay royalties and, in some cases, milestone payments based on net sales, if any, after marketing approval is obtained from regulatory authorities.

The potential contingent development and regulatory milestone obligations under all of our licensing agreements are generally tied to progress through the various regulatory authorities' approval process, which approval significantly depends on positive clinical trial results. The following items are typical of such milestone events: conclusion of Phase 2 or commencement of Phase 3 clinical trials; filing of new drug applications in each of the United States, Europe and Japan; and approvals from each of the regulatory agencies in those jurisdictions.

Zevalin licensing and development in the United States

In December 2008, we acquired rights to commercialize and develop Zevalin in the United States as the result of a transaction with Cell Therapeutics , Inc. (CTI). Pursuant to the transfer of the ZEVALIN assets from CTI to to a joint venture, RIT Oncology LLC (RIT), in December 2008, RIT assumed certain agreements with various third parties related to ZEVALIN intellectual property. These currently effective agreements relate to the manufacture, use and sale of ZEVALIN in the United States and include (i) a license from Biogen, (ii) a license-back to Biogen Idec, Inc. (Biogen) for limited uses including fulfillment of a supply obligation to CTI, (iii) a sublicense from Biogen to certain ZEVALIN patents held by Genentech, Inc., (iv) a sublicense from Biogen to certain ZEVALIN patents held by GlaxoSmithKline and Glaxo Group Limited, and (v) a sublicense from Biogen to certain ZEVALIN patents held by Corixa Corporation, Coulter Pharmaceutical, Inc., The Regents of the University of Michigan and GlaxoSmithKline.

In accordance with the terms of such agreements, RIT is required to meet specified payment obligations including a commercial milestone payment to Corixa Corporation of $5.0 million based on ZEVALIN sales in the United States, which has not been met, as well as U.S. net sales-based royalties of low to mid-single digits to Genentech, Inc. and mid-single digits to Corixa Corporation. Such agreements generally continue until the last to expire of the licensed patents unless earlier terminated in accordance with the terms of the agreement for bankruptcy or material breaches that remain uncured. The patents that are subject to the agreements expire between 2014 and 2018.

Asset Purchase Agreement between CTI and Biogen, as assumed by RIT.

In connection with the joint venture arrangement with CTI, we entered into an amendment to the original asset purchase agreement between CTI and Biogen, referred to as the CTI/Biogen Agreement, modifying future milestone payments. Pursuant to the terms of the agreement, as amended, (i) upon the achievement of the specified FDA approval milestone, which was achieved in 2009, RIT (as successor to CTI) paid Biogen an additional amount of $5.5 million, (ii) RIT may be required to make an additional $10.0 million milestone payment upon the achievement of an additional FDA approval milestone, and (iii) RIT is required to make yearly royalty payments determined as a mid-single to mid-teen digits percentage of yearly net sales for the preceding year, increasing with the passage of time, with specific rates subject to confidential treatment pursuant to an order by the SEC. The agreement has an indefinite term and is no longer subject to termination; provided, however, that the royalty obligations automatically terminate upon the latest to occur of expiration of the subject patents, the sale by a third party of a biosimilar product in the U.S. or December 31, 2015. CTI's rights and obligations, including its payment obligations to Biogen, including royalties on net sales of ZEVALIN and an additional regulatory milestone payment, under both the CTI/Biogen Agreement and the amendment were assigned to and assumed by RIT in connection with the closing of the joint venture transaction.

Supply Agreement between Biogen and CTI

In connection with the joint venture arrangement with CTI, we entered into an amendment to the original supply agreement between Biogen and CTI, referred to as the CTI/Biogen Supply Agreement, modifying certain of the pricing and manufacturing technology transfer terms contained in the CTI/Biogen Supply Agreement and also providing that the term of the agreement may be shortened in some instances in the event of a mid-term manufacturing technology transfer. Pursuant to the terms of this agreement, as amended, we are required to purchase from Biogen certain kits to make single doses as part of one treatment to a patient, of either (i) Indium-111 Ibritumomab Tiuxetan (In-111 ZEVALIN) or (ii) Yttrium-90 Ibritumomab Tiuxetan (Y-90 ZEVALIN) or packages containing one dose of each for sale to end-users in the U.S. at a "cost plus" manufacturing price, with specific rates subject to confidential treatment pursuant to an order by the SEC. There are no milestone or royalty payments required pursuant to this agreement. The term of the agreement is until a manufacturing technology transfer occurs. Either party may generally terminate this agreement due to a bankruptcy of the other party or due to such other party's material noncompliance with the agreement or certain other related agreements. CTI's rights and obligations, including its payment obligations to Biogen, under both the CTI/Biogen Supply Agreement and the amendment were assigned to and assumed by RIT in connection with the closing of the joint venture transaction.

ZEVALIN License and Asset Purchase Agreement with Bayer Pharma AG outside the U.S.

On April 1, 2012, through a subsidiary, Spectrum Pharmaceuticals Cayman, L.P., we completed the acquisition of licensing rights to market ZEVALIN outside of the U.S., or ZEVALIN Rights, from Bayer Pharma AG, or Bayer. Pursuant to the terms of the agreement, Spectrum acquired all rights including marketing, selling, intellectual property and access to existing inventory of ZEVALIN from Bayer. We currently market ZEVALIN in the U.S. and this agreement expands our commercial efforts to the rest of the world. ZEVALIN is currently approved in more than 40 countries outside the U.S. for the treatment of B-cell non-Hodgkin lymphoma, including countries in Europe, Latin America and Asia. In consideration for the rights granted under the agreement, concurrent with the closing, Spectrum paid Bayer a one-time fee of Euro 19 million or approximately USD $25.4 million and will pay Bayer royalties based on a mid-teen digits percentage of net sales of the licensed products in all territories worldwide except the U.S., with specific rates subject to confidential treatment pursuant to an order by the SEC. Under the agreement, we also acquired access to existing inventory of ZEVALIN and concurrent with the closing, entered into certain ancillary agreements including but not limited to a transition services agreement to transition the business. The term of this agreement is also subject to an order granting confidential treatment. This agreement may be terminated in the event of a material default, which is defined to include: (i) our failure to timely pay royalty payments under this agreement or payments under certain related agreements; (ii) our insolvency; and (iii) our breach and the resulting termination of an Amended and Restated License Agreement between Biogen and Bayer, dated as of January 16, 2012.

Amended and Restated License Agreement with Merck & Cie AG, FUSILEV.

In May 2006, we amended and restated a license agreement with Merck & Cie AG, a Swiss corporation, which we assumed in connection with the acquisition of the assets of Targent. Pursuant to the license agreement with Merck & Cie, we obtained the exclusive license to use regulatory filings related to FUSILEV and a non-exclusive license under certain patents and know-how related to FUSILEV to develop, make, and have made, use, sell and have sold FUSILEV in the field of oncology in North America. In addition, we have the right of first opportunity to negotiate an exclusive license to manufacture, have manufactured, use and sell FUSILEV products outside the field of oncology in North America. Also, under the terms of the license agreement, we paid Merck & Cie $100,000 for the achievement of FDA approval of FUSILEV. Merck & Cie is also eligible to receive a payment upon achievement of another regulatory milestone, in addition to royalties in the mid-single digits based on a percentage of net sales, with specific amounts and rates subject to confidential treatment pursuant to an order by the SEC. The term of the license agreement is determined on a product-by-product and country-by-country basis until royalties are no longer owed under the license agreement. The license agreement expires in its entirety after the date that we no longer owe any royalties to Merck & Cie. We have the unilateral right to terminate the license agreement, in its entirety or on a product-by-product or country-by-country basis, at any time for any reason and either party may terminate the license agreement due to material breach of the terms of the license agreement by or insolvency of the other party.

Exclusive development and commercialization collaboration agreement with Allergan , apaziquoune

In October 2008, we signed an exclusive development and commercialization collaboration agreement with Allergan for apaziquone. Pursuant to the terms of the agreement, Allergan paid us an up-front non-refundable $41.5 million at closing and is obligated to make additional payments based on the achievement of certain development, regulatory and commercialization milestones. Under the terms of the agreement, we are entitled to payment of $57.5 million and $245 million upon achievement of certain regulatory and commercialization milestones, respectively, of which $1.5 million has been achieved following completion of enrollment in clinical trials, per the terms of the license, development, supply and distribution agreement. Also, Allergan has agreed to pay us tiered royalties starting in the mid-teens based on a percentage of net sales of apaziquone outside of the U.S. and Asia, which specific rates are subject to confidential treatment pursuant to an order by the SEC. The agreement will continue until terminated as follows: if that certain co-promotion agreement with Allergan has been terminated, the agreement will continue until the expiration of the last royalty payment period in the last country in the royalty territory (as defined in the agreement) with certain provisions surviving. Allergan may terminate the agreement at its election upon six months notice to Spectrum. Additionally, Allergan may terminate the agreement for an uncured material breach by Spectrum if the uncured material breach results in a material adverse impact on Allergan such that termination is the only reasonable remedy.

Our license, development, supply and distribution agreement with Allergan provides for payments to us upon the achievement of development milestones, such as the completion of clinical trials or regulatory submissions, approvals by health authorities, and commercial launches of drug candidates. Given the challenges inherent in developing and obtaining approval for drug products and in achieving commercial launches, there was substantial uncertainty whether any such milestones would be achieved at the time of execution of such license, development, supply and distribution. In addition, we continue to evaluate whether the development milestones meet the remaining criteria to be considered substantive. As a result of our analysis, we consider our development milestones under the Allergan license, development, supply and distribution to be substantive and, accordingly, we expect to recognize as revenue future payments received from such milestones only if and as each milestone is achieved.

Collaboration agreement with Nippon Kayaku Co. LTD., apaziquone

In November 2009, we entered into a collaboration agreement with Nippon Kayaku Co., LTD. ("Nippon Kayaku") for the development and commercialization of apaziquone in Asia, except North and South Korea (the "Nippon Kayaku Territory"). In addition, Nippon Kayaku received exclusive rights to apaziquone for the treatment of non muscle invasive bladder cancer in Asia (other than North and South Korea), including Japan and China. Nippon Kayaku will conduct apaziquone clinical trials in the Nippon Kayaku Territory pursuant to a development plan. Further, Nippon Kayaku will be responsible for all expenses relating to the development and commercialization of apaziquone in the Nippon Kayaku Territory.

Pursuant to the terms of this agreement, Nippon Kayaku paid Spectrum an upfront fee of $15 million and is obligated to make additional payments based on the achievement of certain development, regulatory and commercialization milestones. Under the terms of the agreement, we are entitled to payment of $10 million and $126 million upon achievement of certain regulatory and commercialization milestones, respectively. Also, Nippon Kayaku has agreed to pay Spectrum royalties based on a percentage of net sales of the subject products in the defined territory in the mid-teen digits, which specific royalty rates are subject to confidential treatment pursuant to an order by the SEC. The agreement will remain in effect, on a country-by-country basis, until the expiration of the obligation of Nippon Kayaku to pay royalties on sales of the subject products in such country. Nippon Kayaku may terminate the agreement at its election upon nine months notice to Spectrum. Additionally, either party may terminate the agreement for an uncured material breach by the other party.

Our license agreement with Nippon Kayaku provides for payments to us upon the achievement of development milestones, such as the completion of clinical trials or regulatory submissions, approvals by health authorities, and commercial launches of drug candidates. Given the challenges inherent in developing and obtaining approval for drug products and in achieving commercial launches, there was substantial uncertainty whether any such milestones would be achieved at the time of execution of such license agreement. In addition, we continue to evaluate whether the development milestones, none of which have been achieved to date, meet the remaining criteria to be considered substantive. As a result of our analysis, we consider our development milestones under the Nippon Kayaku license agreement to be substantive and, accordingly, we expect to recognize as revenue future payments received from such milestones only if and as each milestone is achieved.

Asset Purchase Agreement with Targent, Inc.

In March 2006, we entered into an Asset Purchase Agreement with Targent, Inc. ("Targent"). As part of the consideration for the purchase of certain assets, we agreed to pay milestone payments to Targent upon the achievement of certain regulatory events as well as for certain sales levels for FUSILEV within a calendar year. In connection with the achievement of the FDA approval milestone in April 2011, we issued an aggregate of 733,715 shares of common stock to certain of Targent's stockholders, as directed by Targent. We capitalized $6.3 million associated with this milestone as intangible assets during the three months ended September 30, 2011 which is being amortized over the estimated useful life of 8.7 years.

In addition, in connection with the achievement of the first sales milestone of $40 million in May 2011 we issued 577,367 shares of common stock to certain of Targent's stockholders(which was equivalent value to approximately $5 million in cash), as directed by Targent. In September 2011, we achieved the second and final sales milestone of $100 million and paid $5 million in cash for an aggregate with the first sales milestone of $10.0 million. We capitalized the $10.0 million associated with these milestones as intangible assets. These intangible assets are being amortized over the estimated useful life of 8.6 years. As of December 2011, we have met all of the contractual milestones related to FUSILEV.

Licensing and collaboration agreement with TopoTarget, belinostat

In February 2010, we entered into a licensing and collaboration agreement with TopoTarget, for the development and commercialization of belinostat, pursuant to which we agreed to collaboration for the development and commercialization of belinostat. The agreement provides that we have the exclusive right to make, develop and commercialize belinostat in North America and India, with an option for China. The agreement also grants TopoTarget a co-promote option if and only if we do not maintain a minimum number (subject to adjustment for certain events outside of our control) of field personnel (as defined in the agreement) for a certain number of years post-approval of the PTCL indication.

Under the terms of the agreement, all development, including studies, will be conducted under a joint development plan and in accordance with a mutually agreed upon target product profile provided that we have final decision-making authority for all developmental activities in North America and India (and China upon exercise of the option for China) and TopoTarget has final decision-making authority for all developmental activities in all other jurisdictions. We have agreed to assume all responsibility for and future costs of the ongoing registrational PTCL trial while TopoTarget will assume all responsibility for and future costs of the ongoing Phase 2 CUP trial. We and TopoTarget will conduct future planned clinical trials pursuant to the joint development plan, of which we will fund 70% of the development costs and TopoTarget will fund 30% of the development costs. We and TopoTarget will each pay 50% of the costs for chemical, pharmaceutical and other process development related to the manufacturing of the product that are incurred with a mutually agreed upon budget in the joint development plan. TopoTarget is responsible for supplying us with both clinical and commercial product.

Pursuant to the terms of this agreement, Spectrum paid TopoTarget an upfront fee of $30 million. In addition, on the successful achievement of certain development, regulatory and sales milestones, none of which have been achieved to date, Spectrum is obligated to issue one million (1,000,000) shares of its common stock (subject to certain resale conditions) and pay TopoTarget up to $313 million. Also, Spectrum will pay TopoTarget royalties in the mid-teen digits based on net sales of the subject product in the defined territory, which specific royalty rates are subject to confidential treatment pursuant to an order by the SEC. None of such royalties have been earned or paid since inception of the agreement.

The agreement will continue until the expiration of the last royalty payment period in the last country in the defined territory with certain provisions surviving, unless earlier terminated in accordance with its terms. Spectrum may terminate the agreement at its election upon one hundred eighty (180) days notice to TopoTarget. Generally, Spectrum may also terminate immediately upon a prohibition on the use of the subject product or clinical hold by the FDA. TopoTarget may also terminate immediately in the event of a challenge (without TopoTarget's consent) by Spectrum of the patents that cover the product. Either party may terminate the agreement upon a bankruptcy by the other party, or in the event of an uncured material breach by the other party.

Co-development and commercialization agreement with Hanmi Pharmaceutical Company, SPI-2012

In late January 2012, we entered into a co-development and commercialization agreement with Hanmi Pharmaceutical Company, ("Hanmi"), for SPI-2012, formerly known as "LAPS-GCSF", a drug for the treatment of chemotherapy induced neutropenia based on Hanmi's proprietary LAPSCOVERY™ Technology. In consideration for the rights granted to us under the co-development and commercialization agreement with Hanmi, we paid Hanmi a fee which is included in research and development expense in the accompanying condensed consolidated financial statements because the technology has not yet achieved regulatory approval. We expect to initiate Phase 2 trials in collaboration with Hanmi in 2012. Under the terms of the agreement, we will share the costs and expenses of the study although we will have primary responsibility for them. If SPI-2012 is ultimately commercialized by us, we will have worldwide rights except for Korea, China and Japan upon payment of fees and milestone payments related to further development, regulatory approvals and sales targets.

License Agreement with Sloan-Kettering Institute, SRI International and Southern Research Institute, FOLOTYN

In December 2002, Allos entered into the FOLOTYN License Agreement with Sloan-Kettering Institute for Cancer Research, SRI International and Southern Research Institute. As a result of Allos becoming our wholly owned subsidiary effective September 5, 2012, on a consolidated basis we are bound by the FOLOTYN License Agreement under which we obtained exclusive worldwide rights to a portfolio of patents and patent applications related to FOLOTYN and its uses. Under the terms of the FOLOTYN License Agreement, we are required to fund all development programs and will have sole responsibility for all commercialization activities. In addition, we pay the licensors royalties based on worldwide graduated annual levels of net sales of FOLOTYN, net of actual rebates, chargebacks and returns, or distributor sales, which may be different than our net product revenue recognized in accordance with U.S. generally accepted accounting principles, or GAAP, or sublicense revenues arising from sublicensing the product, if and when such sales or sublicenses occur. For purposes of the FOLOTYN License Agreement, annual worldwide sales consists of our distributor sales and annual net sales of FOLOTYN in the Mundipharma Territories, as reported to us under the Mundipharma Collaboration Agreement, if and when such sales occur in the Mundipharma Territories. Royalties are 8% of annual worldwide sales up to $150.0 million; 9% of annual worldwide sales of $150.0 million through $300.0 million; and 11% of annual worldwide sales in excess of $300.0 million. For the three months ended September 30, 2012, our royalties were 8% of our net distributor sales. As of September 30, 2012, accrued royalties were $1.0 million and are included in accounts payable and accrued obligations on the consolidated balance sheet.

Service Agreements

In connection with the research and development of our drug products, we have entered into contracts with numerous third party service providers, such as radio-pharmacies, distributors, clinical trial centers, clinical research organizations, data monitoring centers, and with drug formulation, development and testing laboratories. The financial terms of these contracts are varied and generally obligate us to pay in stages, depending on the occurrence of certain events specified in the contracts, such as contract execution, reservation of service or production capacity, actual performance of service, or the successful accrual and dosing of patients.

At each period end, we accrue for all costs of goods and services received, with such accruals based on factors such as estimates of work performed, patient enrollment, completion of patient studies and other events. Generally, we are in a position to accelerate, slow down or discontinue any or all of the projects that we are working on at any given point in time. Should we decide to discontinue and/or slow down the work on any project, the associated costs for those projects would be limited to the extent of the work completed. Generally, we are able to terminate these contracts due to the discontinuance of the related project(s) and can thus avoid paying for the services that have not yet been rendered and our future purchase obligations would be reduced accordingly.

Employment Agreement

We have entered into an employment agreement with Dr. Rajesh C. Shrotriya, our President and Chief Executive Officer, which expires January 2, 2014. The employment agreement automatically renews for subsequent one-year calendar terms unless either party gives written notice of such party's intent not to renew the agreement at least 90 days prior to the commencement of the new term. The employment agreement requires Dr. Shrotriya to devote his full working time and effort to our business and affairs during the term of the agreement. The employment agreement provides for a minimum annual base salary with annual increases, periodic bonuses and option grants as determined by the Compensation Committee of our Board of Directors.

Litigation

We are involved with various legal matters arising in the ordinary course of our business. 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 reviewed 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 condensed consolidated results of operations, cash flows or financial condition.

AMAG Merger Transaction Class Action Lawsuits

On July 19, 2011, Allos entered into an Agreement and Plan of Merger and Reorganization, or AMAG Merger Agreement, with AMAG Pharmaceuticals, Inc., or AMAG, and Alamo Acquisition Sub, Inc., as amended on August 8, 2011. On October 21, 2011, the AMAG Merger Agreement was terminated. In July 2011, two lawsuits were filed in the Delaware Court of Chancery relating to the proposed merger between Allos and AMAG, which two cases were later consolidated as In Re Allos Therapeutics, Inc. Shareholders Litigation, Consolidated C.A. No. 6714-VCN. Following announcement of the proposed merger between Allos and Spectrum, the consolidated case became one of the Allos Transaction Class Action Lawsuits discussed below and part of the settlement memorialized in the memorandum of understanding dated May 7, 2012.

Allos Transaction Class Action Lawsuits

On April 9, 2012, a putative class action lawsuit captioned *Radmore, et al. v. Allos Therapeutics, Inc., et al.*, No. 1:12-cv-00948-PAB, was filed in the United States District Court for the District of Colorado, or the Radmore Complaint. The Radmore Complaint names as defendants Allos Therapeutics, the members of the Allos board of directors, as well as Spectrum. The plaintiffs allege that Allos directors breached their fiduciary duties to their stockholders in connection with the proposed merger between Allos and Spectrum, and were aided and abetted by Allos and Spectrum. The Radmore Complaint alleges that the Merger involves an unfair price, an inadequate sales process, unreasonable deal protection devices, and that the defendants entered into the transaction to benefit themselves personally. The Radmore Complaint seeks injunctive relief, including to enjoin the Merger, attorneys' and other fees and costs, and other relief.

On April 12, 2012, a putative class action lawsuit captioned *Keucher v. Berns, et al.*, C.A. No. 7419, was filed in the Delaware Court of Chancery, or the Keucher Complaint. The Keucher Complaint names as defendants Allos Theraputics, the members of the Allos board of directors, as well as Spectrum and Spectrum Merger Sub. The plaintiff alleges that the Allos directors breached their fiduciary duties to our stockholders in connection with the proposed merger between us and Spectrum, and were aided and abetted by Spectrum and Spectrum Merger Sub. The Keucher Complaint alleges that the Merger involves an unfair price, an inadequate sales process, unreasonable deal protection devices and that the defendants entered into the transaction to benefit themselves personally. The Keucher Complaint seeks injunctive relief, including to enjoin the Merger, attorneys' and other fees and costs and other relief.

On April 20, 2012, an Amended Class Action Complaint was filed in the Delaware Court of Chancery in the matter captioned Keucher v. Berns, et al., C.A. No. 7419-VCN, adding allegations that the Solicitation/Recommendation Statement on Schedule 14D-9, or the Schedule 14D-9, filed by us with the SEC on April 13, 2012, contains inadequate, incomplete and/or misleading disclosures.

On April 20, 2012, a Verified Second Amended Class Action Complaint for breach of fiduciary duty, or the In re Allos Complaint, was filed in the Delaware Court of Chancery in the matter captioned In re Allos Therapeutics, Inc. Shareholders Litigation, Consolidated C.A. No. 6714-VCN. The In re Allos Complaint replaces the Verified Amended Class Action Complaint that had alleged that Allos and the members of the Allos board of directors breached their fiduciary duties in connection with the proposed merger with AMAG. The In re Allos Complaint names as defendants Allos, the members of the Allos Board, as well as Spectrum and Spectrum Merger Sub. The plaintiffs allege that our directors breached their fiduciary duties to Allos stockholders in connection with the proposed merger between Allos and Spectrum, and were aided and abetted by us, Spectrum and Spectrum Merger Sub. The In re Allos Complaint alleges that the merger involves an unfair price, an inadequate sales process, unreasonable deal protection devices, that defendants entered into the transaction to benefit themselves personally, and that the Schedule 14D-9 filed by Allos with the SEC on April 13, 2012, contains inadequate, incomplete and/or misleading disclosures. The In re Allos Complaint seeks injunctive relief, including to enjoin the merger, attorneys' and other fees and costs, and other relief.

On April 30, 2012, an Amended Class Action Complaint was filed in the matter captioned Radmore v. Allos Therapeutics, Inc., et al., No. 1:12-cv-00948-PAB-CBS, adding allegations that the Schedule 14D-9 filed by us with the SEC on April 13, 2012, as amended, contains inadequate, incomplete and/or misleading disclosures in violation of the Allos directors' fiduciary duties and section 14(e) of the Securities Exchange Act of 1934.

On May 7, 2012, solely to avoid the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, the parties to the actions pending in the Delaware Court of Chancery and United States District Court for the District of Colorado signed a memorandum of understanding, or the MOU, regarding a proposed settlement of all claims asserted in the actions related to the Offer and the Merger. In connection with the MOU, Allos agreed to further amend the Schedule 14D-9, previously filed with the SEC, to include certain supplemental disclosures. Under the terms of the proposed settlement, the expected award of attorneys' fees and costs to plaintiffs' counsel would not exceed $850,000, of which we expect a portion to be paid by Allos' insurance carriers. The settlement is contingent upon court approval. Subject to satisfaction of the conditions set forth in the stipulation of settlement, the defendants will be released by the plaintiffs and all members of the relevant class of Company stockholders from all claims arising out of the Offer and the Merger, upon which occurrence defendants will seek termination of any and all continuing shareholder actions in which the released claims are asserted. In the event the settlement is not approved or such conditions are not satisfied, we will continue to vigorously defend all the actions related to the Offer and the Merger.

12. Stockholder's Equity

Treasury Stock

On August 10, 2012, our Board of Directors authorized the repurchase of up to $100 million of our outstanding common stock through August 1, 2013. The previous authorization was for up to $25 million and covered the period through December 31, 2012. During the nine months ended September 30, 2012, we repurchased 730,000 shares of our common stock for a purchase price of $8.9 million bringing the aggregate purchases to date to $11.9 million or 1,093,055 shares. There were no repurchases of our common stock during the nine months ended September 30, 2011. All treasury shares were retired in August 2012.

Warrant Activity

We have issued warrants to purchase shares of our common stock to investors as part of financing transactions, or in connection with services rendered by consultants. Our outstanding warrants expire on varying dates through June 2015. Below is a summary of warrant activity during the nine months ended September 30, 2012:

	Common Stock Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2011	445,000	$ 5.04
Outstanding, at September 30, 2012	445,000	$ 5.04
Exercisable, at September 30, 2012	445,000	$ 5.04

Share-Based Compensation

We record share-based employee compensation expense for all equity-based programs, including stock options, restricted stock grants, 401(k) plan matching and our employee stock purchase plan. The fair value of share-based awards is estimated at the grant date and the portion that is ultimately expected to vest is recognized as compensation expense over the requisite service period. Total expense recorded for the three month periods ended September 30, 2012 and 2011 is as shown below:

	Three Months Ended September 30,		Nine months Ended September 30,	
	2012	2011	2012	2011
	($ in '000's)			
Research and development	$ 528	$ 280	$1,316	$ 1,179
Selling, general and administrative	2,800	4,056	8,109	14,037
Total share based compensation expense	$3,328	$ 4,336	$9,425	$15,216

Stock Options

During the nine month period ended September 30, 2012, the Compensation Committee of our Board of Directors granted stock options at exercise prices equal to or greater than the closing price of our common stock on the trading day prior to the grant date. The weighted average grant date fair value of stock options granted during the nine month period ended September 30, 2012 and 2011 were estimated at approximately $7.50 and $4.58, respectively using the Black-Scholes option pricing model with the following assumptions:

	Nine-months ended September 30,	
	2012	2011
Divided yield	0.00%	0.00%
Expected volatility	72.8%	70.04%
Risk free interest rate	0.41%	0.96%
Expected life (years)	4.50	4.93

Share based compensation expense is recognized only for those awards that are ultimately expected to vest, and we have applied a forfeiture rate to unvested awards for the purpose of calculating the compensation cost. These estimates will be reversed in future periods if actual forfeitures differ from our estimates.

During the three and nine months ended September 30, 2012, our share-based compensation in connection with the expensing of stock options was approximately $1.3 million and $3.9 million, respectively. During the three and nine months ended September 30, 2011, our share-based charge in connection with the expensing of stock options was approximately $1.5 million and $7.0 million, respectively.

As of September 30, 2012, there was approximately $8.6 million of unrecognized stock-based compensation cost related to stock options which we expect to recognize over a weighted average period of approximately 2.0 years.

Restricted Stock

The fair value of restricted stock awards is the grant date closing market price of our common stock, and is charged to expense over the period of vesting. These awards are subject to forfeiture to the extent that the recipient’s service is terminated prior to the shares becoming vested.

During the three and nine month periods ended September 30, 2012, the share-based compensation in connection with the expensing of restricted stock awards was approximately $1.7 million and $4.2 million, respectively. During the three and nine month periods ended September 30, 2011, the share-based charge in connection with the expensing of restricted stock awards was approximately $260,000 and $1.4 million, respectively.

As of September 30, 2012, there was approximately $6.8 million of unrecognized share-based compensation cost related to non-vested restricted stock awards, which is expected to be recognized over a weighted average period of approximately 2.43 years.

401(k) Plan Matching Contribution

During the nine month period ended September 30, 2012, we issued 39,085 shares of common stock as our match of approximately $494,669 on the 401(k) contributions of our employees. During the nine month period ended September 30, 2011, we issued 53,307 shares of common stock as our match of approximately $432,000 on the 401(k) contributions of our employees.

Employee Stock Purchase Plan

Effective July 2009, we adopted the 2009 Employee Stock Purchase Plan (“Purchase Plan”). The Purchase Plan provides our eligible employees with an incentive by providing a method whereby they may voluntarily purchase shares of our common stock upon terms described in the Purchase Plan. The Purchase Plan is designed to be operated on the basis of six consecutive month offering periods commencing January 1 and July 1 of each year. The Purchase Plan provides that eligible employees may authorize payroll deductions to purchase shares of our common stock at 85% of the fair market value of common stock on the first or last day of the applicable purchase period. A participant may purchase a maximum of 50,000 shares of common stock during a 6-month offering period, not to exceed $25,000 worth of stock on the offering date during each plan year. The Purchase Plan terminates in 2019.

A total of 5,000,000 shares of common stock are authorized for issuance under the Purchase Plan, and as of September 30, 2012, 364,254 shares have been issued under the Purchase Plan.

Common Stock Reserved for Future Issuances

As of September 30, 2012, approximately 9.9 million shares of our common stock, when fully vested, were issuable upon conversion or exercise of rights granted under prior financing arrangements, stock options and warrants, as follows:

Conversion of Series E preferred shares	40,000
Exercise of stock options	9,380,815
Exercise of warrants	445,000
Total shares of common stock reserved for future issuances	9,865,815

13. Long-Term Retention and Management Incentive Plan

Effective April 22, 2011, our Board of Directors adopted a Long-Term Retention and Management Incentive Plan (the "Incentive Plan") to provide equity and cash incentives for our principal executive officer, principal financial officer and certain other named executive officers. The Incentive Plan rewards long-term corporate performance, with a goal of helping to align the total compensation of the participants with the interests of our stockholders. The Incentive Plan provides that, upon the occurrence of certain events, defined as a market capitalization target over a specified period of time of $750 million (the "Initial Capitalization Target") and/or $1 billion market capitalization target (the "Subsequent Capitalization Target"), each participant will be entitled to receive stock awards under our 2009 Incentive Award Plan, as amended, and cash awards upon a change in control. The Incentive Plan will terminate on April 22, 2016, the fifth anniversary of its effective date. The number of shares available for issuance under the Incentive Plan will not exceed 1,039,500 shares.

The fair value of each stock award under the Incentive Plan was estimated on the date of the grant using the Monte Carlo valuation model and assumes that the Initial Capitalization Target will be achieved at 13 months and the Subsequent Capitalization Target will be achieved at 20 months (collectively referred to as the "Service Life"), from the effective date. The key inputs used to estimate the awards' fair value include the following:

Term of Incentive Plan	5 Years
Estimated trading days from grant to end of market condition period	1,260
Average stock price on date of grant	$9.29
Number of common shares outstanding proximate to grant date	52,041,781
Maximum number of options expected to be exercised during term	8,397,094
Expected annual stock volatility	65.0%
Expected return on common equity	15%

The fair value of these equity awards was determined to be approximately $8.1 million. At September 30, 2012 there is $40,000 of unrecognized expense that will be amortized over the respective Service Life. Included in selling, general and administrative expense was $107,200 and $591,300, respectively, of compensation expense for the three and nine months ended September 30, 2012.

14. Deferred Compensation Plan

On September 2, 2011, the Board of Directors approved the Spectrum Pharmaceuticals, Inc. Deferred Compensation Plan (the "Plan"). The Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended. The Plan will be administered by the Compensation Committee of the board of directors, or a designee or designees of the Compensation Committee. The Plan is intended to be an unfunded plan which is maintained primarily to provide deferred compensation benefits for a select group of our employees including management, as selected by the Plan administrator (the "Participants"). Under the Plan, we will provide the Participants with the opportunity to make annual elections to defer up to a specified amount or percentage of their eligible cash compensation, as established by the Plan administrator, and we have the option to make discretionary contributions. At September 30, 2012, deferrals and contributions totaling $1.7 million are included in deferred revenue and other credits in the accompanying condensed consolidated balance sheet.

15. Gross to Net Product Sales

A reconciliation of gross to net product sales for the three and nine months ended September 30, 2012 and 2011 is as follows:

	Three Months Ended September 30,		Nine months Ended September 30,	
	2012	2011	2012	2011
	($ in '000's)			
Gross product sales	$ 91,805	$59,130	$279,075	$159,406
Government rebates and chargebacks	(16,368)	(5,839)	(65,641)	(17,076)
Data, distribution and GPO fees	(7,898)	(3,666)	(21,369)	(6,892)
Prompt pay discount	(1,078)	(1,130)	(3,684)	(3,085)
Product returns allowance	(590)	(546)	(99)	(1,594)
Net product sales	$ 65,871	$47,949	$188,282	$130,759

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, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or 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, 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 Securities and Exchange Commission, or the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, 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 for and market our products;
- our ability to continue to grow sales revenue of our marketed products;
- risks associated with doing business internationally;
- our ability to generate and maintain sufficient cash resources to fund our business;
- our ability to enter into strategic alliances with partners for manufacturing, development and commercialization;
- efforts of our development partners;
- the ability of our manufacturing partners to meet our timelines;
- the ability to timely deliver product supplies to our customers;
- our ability to identify new product candidates and to successfully integrate those product candidates into our operations;
- the timing and/or results of pending or future clinical trials, and our reliance on contract research organizations;
- our ability to protect our intellectual property rights;
- competition in the marketplace for our drugs;
- delay in approval of our products or new indications for our products by the U.S. Food and Drug Administration, or the FDA;
- actions by the FDA and other regulatory agencies, including international agencies;
- securing positive reimbursement for our products;
- the impact of any product liability, or other litigation to which we are, or may become a party;
- the impact of legislative or regulatory reform of the healthcare industry and the impact of recently enacted healthcare reform legislation;
- the availability and price of acceptable raw materials and components from third-party suppliers, and their ability to meet our demands;
- our ability, and that of our suppliers, development partners, and manufacturing partners, to comply with laws, regulations and standards, and the application and interpretation of those laws, regulations and standards, that govern or affect the pharmaceutical and biotechnology industries, the non-compliance with which may delay or prevent the development, manufacturing, regulatory approvals and sale of our products;
- defending against claims relating to improper handling, storage or disposal of hazardous chemical, radioactive or biological materials which could be time consuming and expensive;
- our ability to maintain the services of our key executives and technical and sales and marketing personnel;
- the difficulty in predicting the timing or outcome of product development efforts and regulatory approvals; and
- demand and market acceptance for our approved products.

We do not plan to update any such forward-looking statements and expressly disclaim any duty to update the information contained in this report except as required by law.

You should read the following discussion of our financial condition and results of our operations in conjunction with the condensed consolidated financial statements and the notes to those financial statements included in Item I of Part 1 of this quarterly report and our audited consolidated financial statements and related notes for the year ended December 31, 2011 included in our Annual Report on Form 10-K filed with the SEC.

Business Outlook

We are a biotechnology company with fully integrated commercial and drug development operations with a primary focus in hematology and oncology. Our strategy is comprised of acquiring, developing and commercializing a broad and diverse pipeline of late-stage clinical and commercial products. We market three oncology drugs, ZEVALIN®, FUSILEV® and FOLOTYN® and have two drugs, apaziquone and belinostat, in late stage development along with a diversified pipeline of novel drug candidates. We have assembled an integrated in-house scientific team, including formulation development, clinical development, medical affairs, regulatory affairs, biostatistics and data management, and have established a commercial infrastructure for the marketing of our drug products. We also leverage the expertise of our worldwide partners to assist in the execution of our strategy.

The following is an update of our business strategy for 2012, as described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed with the SEC.

- Maximizing the growth potential of our marketed drugs, ZEVALIN, FUSILEV and FOLOTYN. Our near-term outlook largely depends on sales and marketing successes for our three marketed drugs. For ZEVALIN, we stabilized sales in 2009 and continue to work on growing the ZEVALIN brand and are working to expand indications for use through additional trials. Effective April 2, 2012, with the acquisition of licensing rights from Bayer Pharma AG, we began the sales of ZEVALIN outside of the U.S. For FUSILEV, we are working to expand usage in colorectal cancer. We have initiated and continue to build appropriate infrastructure and additional initiatives to facilitate broad customer reach and to address other market requirements, as appropriate. We have formed a dedicated commercial organization comprised of highly experienced and motivated sales representatives, account managers, and a complement of other support marketing personnel to manage the sales and marketing of these drugs. In addition our scientific department supports field activities through various MDs, PhDs and other medical science liaison personnel.

  We launched FUSILEV in August 2008 and we were able to benefit from broad utilization in community clinics and hospitals and recognized a dramatic increase in sales beginning in the second half of 2010 due to a shortage of generic leucovorin. While generic leucovorin supplies and utilization have been negatively impacted by this shortage, we cannot predict how long the shortage may continue or the extent of the impact the shortage may ultimately have on FUSILEV utilization. In April of 2011, we received two FDA approvals for FUSILEV. The first FDA approval was for the use of FUSILEV in combination with 5-fluorouracil in the palliative treatment of patients with advanced metastatic colorectal cancer. The second FDA approval was for a “Ready-To-Use” formulation, or RTU, of FUSILEV. We are now actively engaged in marketing FUSILEV for use in advanced metastatic colorectal cancer and have engaged a focused commercial sales organization to work with our commercial group to support efforts to grow FUSILEV sales.

  We have added FOLOTYN to our commercial drug portfolio with the acquisition of Allos Therapeutics, Inc. or Allos as of September 5, 2012. FOLOTYN is a folate analogue metabolic inhibitor designed to accumulate preferentially in cancer cells. FOLOTYN targets the inhibition of dihydrofolate reductase, or DHFR, an enzyme critical in the folate pathway, thereby interfering with DNA and RNA synthesis and triggering cancer cell death. FOLOTYN can be delivered as a single agent, for which we currently have approval in the United States for the treatment of patients with relapsed or refractory peripheral T-cell lymphoma, or PTCL, and has the potential to be used in combination therapy regimens. We believe that FOLOTYN’s unique mechanism of action offers us the ability to target the drug for development in a variety of hematological malignancies and solid tumor indications. FOLOTYN has been available for commercial sale in the United States since October 2009. We market FOLOTYN through our dedicated commercial organization, and are working to expand utilization.

- ***Optimizing our development portfolio and maximizing the asset values of its components.*** While over the recent few years, we have evolved from a development-stage to a commercial-stage pharmaceutical company, we have maintained a highly focused development portfolio. Our strategy with regard to our development portfolio is to focus on late-stage drugs and to develop them safely and expeditiously to the point of regulatory approval. We plan to develop some of these drugs ourselves or with our subsidiaries and affiliates, or secure collaborations with third parties such that we are able to suitably monetize these assets. We have assembled a drug development infrastructure that is comprised of highly experienced and motivated MDs, PhDs, clinical research associates and a complement of other support personnel to develop these drugs. In April 2012, we announced that the single instillation Phase 3 clinical trials for apaziquone did not meet their primary endpoint and a meeting with the FDA is under consideration. For patients with more invasive and aggressive bladder cancer, we continue to study patients in multiple instillation studies.

  With regard to our anti-cancer drug belinostat, a novel HDAC inhibitor, we have to date opened more than 100 sites. We completed enrollment in September 2011, and expect to file a NDA in 2013. Belinostat has received “Fast Track” designation from the FDA, which means, if the FDA agrees, we can start filing a rolling new-drug application even before the clinical package is ready, beginning with the filing of pre-clinical data and Chemistry Manufacturing and Control.

  We have several other exciting compounds in earlier stages of development in our portfolio. Based upon a criteria-based portfolio review, we are in the process of streamlining our pipeline drugs, allowing for greater focus and integration of our development and commercial goals.

- ***Expanding our pipeline of development stage and commercial drugs through business development activities.*** It is our goal to identify new strategic opportunities that will create strong synergies with our currently marketed drugs and identify and pursue partnerships for out-licensing certain of our drugs in development. To this end, we will continue to explore strategic collaborations as these relate to drugs that are either in clinical trials or are currently on the market. We believe that such opportunistic collaborations will provide synergies with respect to how we deploy our internal resources. In this regard, we intend to identify and secure drugs that have significant growth potential either through enhanced marketing and sales efforts or through pursuit of additional clinical development. In January 2011, we signed a letter of agreement with Viropro, Inc., for the development of a biosimilar version of the monoclonal antibody drug rituximab. Biosimilars, or follow-on biologics, are terms used to describe officially-approved subsequent versions of innovator biopharmaceutical products made by a different sponsor following patent and exclusivity expiry. Under the agreement, we paid a nominal upfront payment and are required to make additional payments based on certain development, regulatory and sales milestones should we elect to continue development efforts. We believe our in-licensing of belinostat, a novel histone deacetylase, or HDAC, inhibitor, is also demonstrative of such business development efforts outlined above.

- Managing our financial resources effectively. We remain committed to fiscal discipline, a policy which has allowed us to become well capitalized among our peers, despite a very challenging capital markets environment beginning in 2009 and continuing through 2012. This policy includes the pursuit of dilutive and non-dilutive funding options, prudent expense management, and the achievement of critical synergies within our operations in order to maintain a reasonable burn rate. Even with the continued build-up in operational infrastructure to facilitate the marketing of our three commercial drugs, we intend to be fiscally prudent in any expansion we undertake.

  In terms of revenue generation, we rely on sales from currently marketed drugs and intend to pursue out-licensing of select pipeline drugs in select territories, as discussed above. When appropriate, we may pursue other sources of financing, including dilutive and non-dilutive financing alternatives. While we are currently focused on advancing our key drug development programs, we anticipate that we will make regular determinations as to which other programs, if any, to pursue and how much funding to direct to each program on an ongoing basis, based on clinical success and commercial potential, including termination of our existing development programs, especially if we do not expect value to be realized from continued development.

- ***Further enhancing the organizational structure to meet our corporate objectives.*** We have highly experienced staff in pharmaceutical operations, clinical development, regulatory and commercial functions who previously held positions at both small to mid-size biotech companies, as well as large pharmaceutical companies. We have strengthened the ranks of our management team, and will continue to pursue talent on an opportunistic basis. Finally, we remain committed to running a lean and efficient organization, while effectively leveraging our critical resources.

Financial Condition

Liquidity and Capital Resources

Our cumulative losses, since inception in 1987 through September 30, 2012, are approximately $187.8 million. We reported a net profit in 2011 and we have continued profitable operations through the first nine months ended September 30, 2012. We remain dependent upon revenues from our three commercial drugs, specifically FUSILEV, ZEVALIN and FOLOTYN. Our long-term strategy is to continue to generate profits from the sale and licensing of our drug products. In 2013, we expect our revenues and operating income to continue to grow.

While we believe that the approximately $146.6 million in cash, equivalents and investments, which includes long term marketable securities (after payment of $25.4 million for the purchase of the licensing rights to market ZEVALIN outside the U.S. or the ZEVALIN Rights and $133.3 million for the purchase of Allos), we had available on September 30, 2012 will allow us to fund our current planned operations for at least the next twelve to eighteen months, we may seek to obtain 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 when needed, or on terms favorable to us or our stockholders, if at all. If we raise additional funds by issuing equity securities, the percentage ownership of our stockholders will be reduced, stockholders may experience additional dilution or such equity securities may provide for rights, preferences or privileges senior to those of the holders of our common stock. If additional funds are raised through the issuance of debt securities, the terms of such securities may place restrictions on our ability to operate our business. If and when appropriate, just as we have done in the past, we may pursue non-dilutive financing alternatives as well. On September 5, 2012, we entered into a credit agreement with Bank of America and Wells Fargo bank for a $75.0 million revolving line of credit, which can be increased up to $125.0 million, subject to meeting certain customary conditions and obtaining commitments for such increase from the lenders. As of September 30, 2012, $75.0 million has been drawn down on the revolving line of credit, of which the entire amount is outstanding and there are no amounts available to borrow.

Our expenditures for research and development, or R&D, consist of direct product specific costs (such as up-front license fees, milestone payments, active pharmaceutical ingredients, clinical trials, patent related legal costs, and product liability insurance, among others) and non-product specific, or indirect, costs (such as personnel costs, rent, and utilities, among others). During the nine month period ended September 30, 2012, our total research and development expenditure, including indirect expenditures, was approximately $28.7 million (net of $6.3 million received from Allergan).

Our primary focus areas for the foreseeable future, and the programs that are expected to represent a significant part of our R&D expenditures, are the on-going registrational clinical trials of apaziquone and belinostat and additional clinical studies in supporting the expanded utilization of our FDA approved products (ZEVALIN, FUSILEV and post-approval studies required by the FDA for FOLOTYN). While we are currently focused on advancing these key product development programs, we continually evaluate our R&D programs of other pipeline products in response to the scientific and clinical success of each product candidate, as well as an ongoing assessment as to the product candidate's commercial potential. Our anticipated net use of cash for R&D in the fiscal year ending December 31, 2012, excluding the cost of in-licensing or acquisitions of additional drugs, if any, is expected to range between approximately $38.0 and $42.0 million.

Under the Mundipharma Collaboration Agreement, Mundipharma is currently responsible for 40% of the joint development costs incurred by the parties related to the FOLOTYN post-approval studies. Other than this 40% reimbursement from Mundipharma, we do not receive any funding from third parties for research and development that we conduct; however, co-development and out-licensing agreements with other companies for certain of our drug products may reduce our expenses. In this regard, we entered into a collaboration agreement with Allergan whereby, commencing January 1, 2009, Allergan has borne 65% of the development costs of apaziquone. Additionally, we entered into a collaboration agreement with TopoTarget, whereby, commencing February 2, 2010, TopoTarget bears, for belinostat, 100% of the CUP trial costs and 30% of other development costs unrelated to the belinostat PTCL study.

In addition to our present portfolio of drug product candidates, we continually evaluate proprietary products for acquisition. If we are successful in acquiring rights to additional products, we may pay up-front licensing fees in cash and/or common stock and our research and development expenditures would likely increase.

Net Cash Provided by Operating Activities

Net cash provided by operating activities was $63.9 million for the first nine months of 2012 which includes net income in the period of $85.9 million adjusted for net non-cash credits of $28.8 million, of which, $33.3 million relates to a deferred income tax benefit.

Net Cash Used In Investing Activities

Net cash used in investing activities of $115.7 million for the first nine months of 2012 was primarily due to the $205.2 million purchase of Allos, net of $71,940 cash received, the $25.4 million purchase of the ZEVALIN Rights and purchases of $26.4 million of marketable securities, which was partially offset by $71.4 million in maturities of marketable securities.

Net Cash Provided by Financing Activities

Net cash provided by financing activities of $73.8 million for the first nine months of 2012 primarily relates to the $75.0 million in proceeds from the revolving line of credit, the $4.6 million in proceeds from the issuance of common stock as a result of the exercise of 1,051,884 stock options, the $3.8 million in excess tax benefits for share-based compensation and the $372,000 in purchases of shares under our Employee Stock Purchase Plan. These proceeds were partially offset by the $8.9 million purchase of treasury stock and the $492,000 repurchase of shares to satisfy minimum tax withholding for the vesting of restricted stock.

Results of Operations

Three months ended September 30, 2012 and 2011

Total Revenues. Total revenues increased $18.0 million, or 35.3%, to $69.0 million in the three months ended September 30, 2012 from $51.0 million in the three months ended September 30, 2011. We recognized $65.9 million from net product sales, of which $52.0 million related to sales of FUSILEV (each net of estimates for promotional, price and other adjustments, including adjustment of the allowance for product returns), $7.9 million related to worldwide sales of ZEVALIN and $6.0 million related to sales of FOLOTYN, which included net product sales of $3.4 million for use in a clinical trial being conducted by an unrelated party. Net product revenues recorded in the three months ended September 30, 2011 were $47.9 million, of which $41.0 million related to sales of FUSILEV and $6.9 million related to sales of ZEVALIN. Revenues from the sales of FUSILEV have increased due to FDA approval of FUSILEV for use in the treatment of advanced metastatic colorectal cancer received on April 29, 2011 and a supply disruption of generic leucovorin. During the three month periods ended September 30, 2012 and 2011, we also recognized $3.2 and $3.1 million, respectively, of licensing revenues from the amortization of a $41.5 million upfront payment we received from Allergan in 2008, $16.0 million upfront payment we received from Nippon Kayaku Co., LTD., or Nippon Kayaku, and Handok Pharmaceuticals, or Handok, in the first quarter of 2010 and includes $96,000 related to the 40% joint development cost reimbursement under the Mundipharma Agreements.

Cost of Product Sales. Cost of product sales increased $2.3 million or 26.1% to $11.2 million in the three months ended September 30, 2012 from $8.8 million in the three months ended September 30, 2011. The increase in total cost of sales relates primarily to an increase in product revenues.

Selling, General and Administrative. Selling, general and administrative expenses increased $7.3 million, or 46.2% to $23.1 million, in the three months ended September 30, 2012 from $15.8 million in the three months ended September 30, 2011. The increase is due primarily to:

- $774,000 increase in compensation and associated benefits. We expect that sales and marketing activities will increase as we invest in additional commercial resources to increase market expansion of our commercial products.
- $2.2 million in legal and professional fees related to the Allos acquisition
- $819,000 increase for transitional services related to sales of ZEVALIN outside the U.S.
- $2.5 million increase in advertising, branding, printing, marketing and promotion
- $1.6 million severance and related expenses in connection with the Allos acquisition
- $254,000 increase in regulatory fees

These increases were partially offset by a $1.3 million decrease in non-cash stock compensation expense primarily related to the management incentive plan

Research and Development. Research and development expenses increased $2.8 million, or 37.8%, to $10.2 million, in the three months ended September 30, 2012 from $7.4 million in the three months ended September 30, 2011. The increase is primarily due to:

- $1.5 million increase in on-going clinical studies
- $672,000 increase in compensation and associated benefits.
- $548,000 severance and related expenses in connection with the Allos acquisition

We expect research and development expenses to range between approximately $38.0 and $42.0 million for 2012, excluding the cost of in-licensing or acquisitions of additional drugs, if any.

Amortization of Purchased Intangibles. We incurred a non-cash charge of $1.8 million and $930,000 for the three months ended September 30, 2012 and 2011, respectively, due to the amortization of intangibles from the acquisition of ZEVALIN Rights and the amortization of intangibles from the acquisition of Allos.

Other Net Income (Expense). The principal components of other net income (expense) of $293,000 and ($144,000) during the three month periods ended September 30, 2012 and 2011, respectively, consisted primarily of an increase in currency exchange rate losses related to the acquisition of ZEVALIN Rights, partially offset by $33,000 of net interest income earned on outstanding bank balances. In the current economic environment, our principal investment objective is preservation of capital. Accordingly, for the foreseeable future we expect to earn minimal interest yields on our investments, until such time as the credit markets recover.

Provision for Income Taxes. We recorded a provision for income taxes of $1.7 million in 2012 as compared to a $650,000 provision for income taxes for the three months ended September 30, 2011.

The $1.7 million provision for income taxes during the three months ended September 30, 2012 was due to the generation of $23.0 million of pretax income during the quarter ended September 30, 2012. The tax expense for the quarter was below the statutory rate as a result of tax benefits realized from the release of our valuation allowance against domestic deferred tax assets through both our annual effective tax rate calculation and as a result of an increase in the discrete component of the valuation allowance reduction arising from a change in forecasted earnings.

During the quarter ended September 30, 2012 we completed our acquisition of Allos. In connection with our acquisition of Allos, we recorded deferred tax assets of $33.2 million which were net of a valuation allowance of $21.6 million and deferred tax liabilities of $55.6 million. A valuation allowance of $21.6 million was recorded against Allos' deferred tax assets due to the fact that a substantial portion of Allos' deferred tax liabilities relate to indefinite lived In Process Research & Development costs which were not considered a source of income to support the realization of Allos' deferred tax assets. Realization of the balance of Allos' deferred tax assets was primarily supported through our income projections.

Results of Operations

Nine months ended September 30, 2012 and 2011

Total Revenues. Total revenues increased $57.6 million, or 41.2%, to $197.6 million in the nine months ended September 30, 2012 from $140.0 million in the nine months ended September 30, 2011. We recognized $188.3 million from net product sales, of which $159.8 million related to sales of FUSILEV (each net of estimates for promotional, price and other adjustments, including adjustment of the allowance for product returns), $22.5 million related to sales of ZEVALIN and $6.0 million related to sales of FOLOTYN, which included net product sales of $3.4 million for use in a clinical trial being conducted by an unrelated party. Net product revenues recorded in the nine months ended September 30, 2011 were $130.8 million, of which $109.6 million related to sales of FUSILEV and $21.2 million related to sales of ZEVALIN. Revenues from the sale of FUSILEV have increased due to FDA approval of FUSILEV for use in the treatment of advanced metastatic colorectal cancer received on April 29, 2011 and a supply disruption of generic leucovorin. During each of the nine months periods ended September 30, 2012 and 2011, we also recognized $9.3 million and $9.2 million, respectively, of licensing revenues from the amortization of a $41.5 million upfront payment we received from Allergan in 2008, $16.0 million upfront payment we received from Nippon Kayaku and Handok in the first quarter of 2010 and includes $96,000 related to the 40% joint development cost reimbursement under the Mundipharma Agreements.

Cost of Product Sales. Cost of product sales increased $7.8 million or 33.3% to $31.4 million in the nine months ended September 30, 2012 from $23.6 million in the nine months ended September 30, 2011. The increase in total cost of sales relates primarily to an increase in product revenues.

Selling, General and Administrative. Selling, general and administrative expenses increased $17.5 million, or 36.9%, to $64.7 million in the nine months ended September 30, 2012 from $47.3 million in the nine months ended September 30, 2011. The increase is due primarily to:

- $6.8 million increase in compensation and associated benefits, of which $4.5 million is attributable to sales and marketing expenses as a result of the expansion of our sales force, and the inclusion of Allos personnel. We expect that sales and marketing activities will increase as we invest in additional commercial resources to increase market expansion of ZEVALIN, FUSILEV and FOLOTYN.
- $5.5 million increase in advertising, branding, printing, marketing and promotion
- $5.5 million in legal and professional fees related to the Allos acquisition and $687,000 in transaction costs related to the acquisition of ZEVALIN Rights
- $760,000 increase in regulatory fees
- $1.6 million increase for transitional services related to sales of ZEVLIN outside the U.S.
- $1.6 million severance and related expenses in connection with the Allos acquisition
- $1.2 million increase in sales travel and expenses
- $187,000 increase in legal and professional fees

These increases were partially offset by a $6.0 million decrease in non-cash stock compensation expense primarily related to the management incentive plan expenses.

Research and Development. Research and development expenses increased $7.8 million, or 37.1%, to $28.7 million, in the nine months ended September 30, 2012 from $20.9 million in the nine months ended September 30, 2011. The increase is primarily due to:

- $2.9 million increase for drug product and a payment related to the co-development and commercialization agreement with Hamni Pharmaceutical Company for SPI-2012,
- $2.0 million increase in compensation and associated benefits
- $1.4 million increase in on-going clinical trials
- $1.0 million increase in continuing medical education grants and symposiums
- $548,000 severance and related expenses in connection with the Allos acquisition

We expect research and development expenses to range between approximately $38.0 and $42.0 million for 2012, excluding the cost of in-licensing or acquisitions of additional drugs, if any.

Amortization of Purchased Intangibles. We incurred a non-cash charge of $4.4 million and $2.8 million for the nine months ended September 30, 2012 and 2011, respectively, due to the amortization of intangibles from the acquisition of ZEVALIN Rights to and the amortization of intangibles from the acquisition of Allos.

Change in Fair Value of Common Stock Warrant Liability. We recorded a loss of $3.5 million for the change in the fair value of the warrant obligations during 2011. No warrants recorded as a liability were outstanding in 2012.

Other Net Income (Expense). The principal components of other net income (expense) of ($1.1 million) and $550,000 during the nine month periods ended September 30, 2012 and 2011, respectively, consisted primarily of an increase in currency exchange rate losses partially offset by $212,000 of net interest income earned on outstanding bank balances. In the current economic environment, our principal investment objective is preservation of capital. Accordingly, for the foreseeable future we expect to earn minimal interest yields on our investments, until such time as the credit markets recover.

(Provision)/Benefit for Income Taxes. We recorded a benefit for income taxes of $18.6 million in 2012 as compared to a provision of $2.3 million recorded in the nine months ended September 30, 2011.

As of December 31, 2011, we maintained a $46.3 million valuation allowance against our domestic deferred tax assets and a $1.0 valuation allowance against our foreign deferred tax assets. Based on the weight of both positive and negative evidence, we concluded during the quarter ended March 31, 2012 that it was more likely than not that the domestic net deferred tax assets would be realized, and therefore, we released $26.0 million of our domestic valuation allowance as a discrete tax benefit through September 30, 2012 with the remaining $20.0 million domestic valuation allowance being released through our annual effective tax rate based upon projected current year earnings. We maintained a valuation allowance against our foreign net deferred tax assets as we continue to conclude it is not more likely than not that the foreign net deferred tax assets will be realized.

The annual effective rate for fiscal 2012 is below the statutory rate principally as a result of tax benefits realized from the release of our valuation allowance against domestic deferred tax assets based upon current year earnings. The year-to-date tax benefit of $18.6 million in 2012 is primarily the result of $26.0 million in discrete tax benefits recognized through September 30, 2012 related to the release of our valuation allowance on domestic deferred tax assets.

During the quarter ended September 30, 2012 we completed our acquisition of Allos. In connection with our acquisition of Allos, we recorded deferred tax assets of $33.2 million which were net of a valuation allowance of $21.6 million and deferred tax liabilities of $55.6 million. A valuation allowance of $21.6 million was recorded against Allos' deferred tax assets due to the fact that a substantial portion of Allos' deferred tax liabilities relate to indefinite lived In Process Research & Development costs which were not considered a source of income to support the realization of Allos' deferred tax assets. Realization of the balance of Allos' deferred tax assets were primarily supported through our income projections.

Nature of Each Accrual That Reduces Gross Revenue to Net Revenue

Provisions for product returns, sales discounts and rebates and estimates for chargebacks are established as a reduction of product sales revenue at the time revenues are recognized. We consider various factors in determining such provisions, which are described in detail below. Such estimated amounts are deducted from our gross sales to determine our net revenues. Provisions for bad and doubtful accounts are deducted from gross receivables to determine net receivables. Provisions for chargebacks, returns, rebates and discounts are classified as part of our accrued obligations. Changes in our estimates, if any, are recorded in the statement of income in the period the change is determined. If we materially over or under estimate the amount, there could be a material impact on our condensed consolidated financial statements.

The following is a roll forward of the provisions for chargebacks and discounts, rebates, returns, data and distribution fees and estimated doubtful account allowances for the nine months ended September 30, 2012 and 2011.

	Chargebacks and Discounts	Rebates	Returns	Data and Distribution Fees	Doubtful accounts	Total
			($ in '000's)			
Period ended September 30, 2012:						
Balances at beginning of the period	$ 1,942	$ 8,114	$4,000	$ 5,866	$ 471	$ 20,393
Allos accruals assumed:	447	1,924	941	182	—	3,494
Add provisions/(recovery):	36,460	24,735	85	13,323	(72)	74,531
Less: Credits or actual allowances:	(24,910)	(22,973)	(20)	(12,148)	(115)	(60,166)
Balances at the end of the period	$ 13,939	$ 11,800	$5,006	$ 7,223	$ 284	$ 38,252
Period ended September 30, 2011:						
Balances at beginning of period	$ 675	$ 14,474	$2,000	$ 1,874	$ 339	$ 19,362
Add provisions:	5,343	14,068	1,594	5,518	91	26,614
Less: Credits or actual allowances:	(4,474)	(18,788)	(94)	(3,343)	—	(26,699)
Balances at the end of the period	$ 1,544	$ 9,754	$3,500	$ 4,049	$ 430	$ 19,277

Amounts recorded as allowances on our condensed consolidated balance sheets for 2012 and 2011 are reflected in the table above. The basis and methods of estimating these allowances, used by management, are described below.

Chargebacks, discounts and rebates

Chargebacks represent a provision against gross accounts receivable and related reduction to gross revenue. A chargeback is the difference between the price the wholesale customer, in our case the wholesaler or distributor, pays (the wholesale acquisition cost, or WAC) and the price (contracted price) that a contracted customer (e.g., a Group Purchasing Organization, or GPO, member) pays for a product. We accrue for chargebacks in the relevant period on the presumption that all units of product sold to members of the GPOs will be charged back. We estimate chargebacks at the time of sale of our products to the members of the GPOs based on:

(1) volume of all products sold via distributors to members of the GPOs and the applicable chargeback rates for the relevant period;

(2) applicable WAC and the contract prices agreed with the GPOs; and

(3) the information of inventories remaining on hand at the wholesalers and distributors at the end of the period, actual chargeback reports received from our wholesalers and distributors as well as the chargebacks not yet billed (product shipped less the chargebacks already billed back) in the calculation and validation of our chargeback estimates and reserves.

Discounts (generally prompt payment discounts) are accrued at the end of every reporting period based on the gross sales made to customers during the period and based on their terms of trade for a product. We generally review the terms of the contracts, specifically price and discount structures and payment terms between the customer and the us to estimate the discount accrual.

Customer rebates are estimated at every period end, based on direct purchases, depending on whether any rebates have been offered. The rebates are recognized when products are purchased and a periodic credit is given. Medicaid rebates are based on the data we receive from the public sector benefit providers, which is based on the final dispensing of our product by a pharmacy to a benefit plan participant.

We record Medicaid and Medicare rebates based on estimates for such expense. However, such amounts have not been material to the financial statements.

Product returns allowances

Customers are typically permitted to return products within thirty days after shipment, if incorrectly shipped or not ordered, and six months after the expiration of product dating for FUSILEV, subject to certain restocking fees and preauthorization requirements, as applicable. The returned product is destroyed if it is damaged, quality is compromised or past its expiration date. Based on our returns policy, we refund the sales price to the customer as a credit and record the credit against receivables. In general, returned product is not resold. As of each balance sheet date, we estimate potential returns, based on several factors, including: inventory held by distributors, sell through data of distributor sales to end users, customer and end-user ordering and re-ordering patterns, aging of accounts receivables, rates of returns for directly substitutable products and pharmaceutical products for the treatment of therapeutic areas similar to indications served by our products, shelf life of our products and based on experience of our management with selling similar oncology products. We record an allowance for future returns by debiting revenue, thereby reducing gross revenues and crediting a reserve for returns to other accrued liabilities.

Distribution and Data Fees

Distribution and data fees are paid to authorized wholesalers and specialty distributors of FUSILEV and FOLOTYN as a percentage of WAC for products sold. The services provided include contract administration, inventory management, product sales reporting by customer, returns for clinics and hospitals. We accrue distribution and data fees based on a percentage of FUSILEV and FOLOTYN revenues that are set and governed by distribution agreements.

Doubtful Accounts

An allowance for doubtful accounts is estimated based on the customer payment history and a review by management of the aging of the accounts receivables as of the balance sheet date. We accrue for doubtful accounts by recording an expense and creating an allowance for such accounts. If we are privy to information on the solvency of a customer or observe a payment history change, we estimate the accrual for such doubtful receivables or write the receivable off.

Off-Balance Sheet Arrangements

Since inception, we have not engaged in material off-balance sheet activities, including the use of structured finance, special purpose entities or variable interest entities.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments or assumptions and actual results, our financial statements will be affected. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

- Revenue recognition
- Fair value of acquired assets
- Research and development
- Fair value measurements
- Amortization and impairment of intangible assets
- Share-based compensation

During the nine months ended September 30, 2012, there were no significant changes in our critical accounting policies and estimates, except as follows. Please refer to Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2011 for a more complete discussion of our critical accounting policies and estimates.

Business Combinations

We accounted for the acquisition of ZEVALIN Rights in April 2012 and Allos in September 2012 in accordance with accounting literature which establishes principles and requirements for recognizing and measuring the total consideration transferred to and the assets acquired and liabilities assumed in the acquired target in a business combination. The consideration paid to acquire ZEVALIN Rights and Allos is required to be measured at fair value. The total consideration transferred was the cash consideration paid and the basis upon which we assigned the purchase price of ZEVALIN Rights and Allos to the fair value assets acquired and liabilities assumed. This resulted in recognition of intangible assets, goodwill and a committed R&D expenditure estimate. The determination and allocation of the consideration transferred requires management to make significant estimates and assumptions, especially at the acquisition date with respect to the fair value of the intangible assets acquired.

Goodwill and Other Intangible Assets

We account for goodwill and other intangible assets in accordance with accounting literature. This requires that the purchase method of accounting be used for all business combinations and specifies the criteria that must be met in order for intangible assets acquired in a business combination to be recognized and reported apart from goodwill. As of September 30, 2012, we have recognized from the acquisitions $146.3 million of intangible assets related to in-process research and development and licensing and distribution rights and $30.0 million of goodwill. Our intangible assets are amortized over 10 years, based on their estimated useful life, and goodwill is determined to have an indefinite life and therefore, is not amortized. Intangible assets and goodwill are tested for impairment at least annually or whenever events or circumstances occur that indicate impairment might have occurred in accordance with ASC Topic 350. Judgment regarding the existence of impairment indicators will be based on operating results, changes in the manner of our use of the acquired assets or our overall business strategy, and market and economic trends. In the future, events could cause us to conclude that impairment indicators exist and that certain intangibles and other long-lived assets are impaired resulting in an adverse impact on our financial position and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary objective of our investment activities is to preserve capital, while at the same time maximizing yields without significantly increasing risk. We do not utilize hedging contracts or similar instruments.

We are exposed to certain market risks. Our primary exposures relate to (1) interest rate risk on our investment portfolio, (2) credit risk of the companies' bonds in which we invest, (3) general credit market risks as have existed since late 2007 and (4) the financial viability of the institutions which hold our capital and through which we have invested our funds. We manage such risks on our investment portfolio by investing in highly liquid, highly rated instruments and not investing in long-term maturity instruments.

In response to the dislocation in the credit markets since the latter part of 2007, in early 2008 we converted substantially all of our investments, including all of our market auction debt securities, into highly liquid and safe instruments. Our investments, as of September 30, 2012 and 2011, were primarily in money market accounts, short-term corporate bonds, certificates of deposit, U.S. Treasury bills and U.S. Treasury-backed securities. We believe the financial institutions through which we have invested our funds are strong and well capitalized and our instruments are held in accounts segregated from the assets of the institutions. However, due to the current extremely volatile financial and credit markets and liquidity crunch faced by many banking institutions, the financial viability of these institutions, and the safety and liquidity of our funds are being constantly monitored. Because of our ability to generally redeem these investments at par on short notice and without penalty, we believe that 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 September 30, 2012 or 2011, any decline in the fair value of our investments would not be material in the context of our 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.

In addition, we are exposed to foreign currency exchange rate fluctuations relating to payments we make to vendors, suppliers and license partners using foreign currencies. The majority of our sales have been in U.S. dollars. In addition, we have certain cash balances and other assets denominated in euros. As a result, we are exposed to foreign currency rate fluctuations, and we do not hedge against the risk associated with such fluctuations. Consequently, changes in exchange rates could result in material exchange losses and could unpredictably, materially and adversely affect our operating results and stock price. Such losses have not been significant to date.

ITEM 4. CONTROLS AND PROCEDURES

We have established disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (our principal executive officer) and Acting Chief Financial Officer (our principal financial officer), as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching our desired disclosure control objectives.

As required by Exchange Act Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Acting Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2012, the end of the period covered by this quarterly report. Based on the foregoing, our Chief Executive Officer and Acting Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this report, were effective.

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Internal Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of inherent limitations in any control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. We are continuously seeking to improve the efficiency and effectiveness of our operations and of our internal controls. This results in refinements to processes throughout our organization.

PART II — OTHER INFORMATION

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes in our assessment of risk factors affecting our business since those presented in our Annual Report on Form 10-K, Item 1A., for the fiscal year ended December 31, 2011, as updated by our Quarterly Report on Form 10-Q, Item 1A., for the quarter ended June 30, 2012, each as filed with the SEC. The additional risk factors set forth below were added in consideration of the completion of our acquisition of Allos Therapeutics, Inc., a Delaware corporation, on September 5, 2012.

Even though we have obtained accelerated approval to market FOLOTYN for the treatment of patients with relapsed orrefractory PTCL, we are subject to ongoing regulatory obligations and review, including post-approval requirements.

FOLOTYN was approved for the treatment of patients with relapsed or refractory PTCL under the FDA's accelerated approval regulations, which allow the FDA to approve products for cancer or other serious or life threatening diseases based on initial positive data from clinical trials. Under these provisions, we are subject to certain post-approval requirements pursuant to which we are required to conduct two randomized Phase 3 trials to confirm FOLOTYN's clinical benefit in patients with T-cell lymphoma. The FDA has also required that we conduct two Phase 1 trials to assess whether FOLOTYN poses a serious risk of altered drug levels resulting from organ impairment. Failure to complete the studies or adhere to the timelines established by the FDA could result in penalties, including fines or withdrawal of FOLOTYN from the market. The FDA may also initiate proceedings to withdraw approval or request that we voluntarily withdraw FOLOTYN from the market if our Phase 3 studies fail to confirm FOLOTYN's clinical benefit. Further, the FDA may require us to amend the FOLOTYN package insert, including by strengthening the warnings and precautions section or institute a Risk Evaluation and Mitigation Strategy based on the results of these studies or clinical experience. We are also subject to additional, continuing post-approval regulatory obligations, including the possibility of additional clinical studies required by the FDA, safety reporting requirements and regulatory oversight of the promotion and marketing of FOLOTYN. In addition, we or our third-party manufacturers are required to adhere to the FDA's current Good Manufacturing Practices, or cGMP. The cGMP regulations cover all aspects of the manufacturing, storage, testing, quality control and record keeping relating to FOLOTYN. Furthermore, we or our third-party manufacturers are subject to periodic inspection by the FDA and foreign regulatory authorities to ensure compliance with cGMP or other applicable government regulations and corresponding foreign standards. We have limited control over a third-party manufacturer's compliance with these regulations and standards. If we or our third-party manufacturers fail to comply with applicable regulatory requirements, we may be subject to fines, suspension, modification or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

We are dependent upon a small number of customers for a significant portion of FOLOTYN revenue, and the loss of, or significant reduction or cancellation in sales to, any one of these customers could adversely affect our results of operations.

In the United States, we sell FOLOTYN to a small number of distributors who in turn sell-through to patient health care providers. These distributors also provide multiple logistics services relating to the distribution of FOLOTYN, including transportation, warehousing, cross-docking, inventory management, packaging and freight-forwarding. We do not promote FOLOTYN to these distributors and they do not set or determine demand for FOLOTYN. For the years ended December 31, 2011, 2010 and 2009, three companies affiliated with AmerisourceBergen Corporation accounted for substantially all of Allos' FOLOTYN sales. We expect significant customer concentration to continue for the foreseeable future. Our ability to generate sales of FOLOTYN will depend, in part, on the extent to which these distributors are able to provide adequate distribution of FOLOTYN to patient health care providers. Although we believe we can find alternative distributors on a relatively short notice, our revenue during that period of time may suffer and we may incur additional costs to replace a distributor. The loss of any large customer, a significant reduction in sales we make to them, any cancellation of orders they have made with us or any failure to pay for the products we have shipped to them could materially and adversely affect our results of operations.

If the distributors that we rely upon to sell FOLOTYN fail to perform, our business may be adversely affected.

Our success depends on the continued customer support efforts of our network of distributors. The use of distributorsinvolves certain risks, including, but not limited to, risks that these distributors will:

- not provide us with accurate or timely information regarding their inventories, the number of patients who are using FOLOTYN or complaints about FOLOTYN;
- not effectively distribute or support FOLOTYN;
- reduce or discontinue their efforts to sell or support FOLOTYN;
- be unable to satisfy financial obligations to us or others; and
- cease operations.

Any such failure may result in decreased sales of FOLOTYN, which would harm our business.

We cannot predict when or if we will obtain regulatory approval to market FOLOTYN for any additional indications in the United States or in other countries.

We are subject to stringent regulations with respect to product safety and efficacy by various international, federal, state and local authorities. FOLOTYN has not been approved for marketing in the United States for any indication other than the treatment of patients with relapsed or refractory PTCL. A pharmaceutical product cannot be marketed for a particular indication in the United States or most other countries until it has completed a rigorous and extensive regulatory review and approval process for that indication. Satisfaction of regulatory requirements typically takes many years, is dependent upon the type, complexity and novelty of the product and requires the expenditure of substantial resources. Of particular significance are the requirements covering research and development, preclinical and clinical testing, manufacturing, quality control, labeling and promotion of drugs for human use. We may not obtain the necessary regulatory approvals to market FOLOTYN for any additional indications in the United States or in other countries. If we fail to obtain or maintain regulatory approvals to market FOLOTYN for any additional indications in the United States or in other countries, our ability to generate significant revenue or achieve profitability may be adversely affected.

Reports of adverse events or safety concerns involving FOLOTYN or similar small molecule chemotherapeutic agentscould delay or prevent us from obtaining or maintaining regulatory approval or negatively impact sales of FOLOTYN.

FOLOTYN may cause serious adverse events. These adverse events could interrupt, delay or halt clinical trials of FOLOTYN, including the FDA-required post-approval studies, and could result in the FDA or other regulatory authorities denying or withdrawing approval of FOLOTYN for any or all indications, including for the treatment of patients with relapsed or refractory PTCL. Adverse events may also negatively impact the sales of FOLOTYN. The FDA, other regulatory authorities or we may suspend or terminate clinical trials at any time. We may also be required to update the FOLOTYN package insert based on reports of adverse events or safety concerns or implement a Risk Evaluation and Mitigation Strategy, which could adversely affect FOLOTYN's acceptance in the market. We cannot assure you that FOLOTYN will be safe for human use. At present, there are a number of clinical trials being conducted by other pharmaceutical companies involving small molecule chemotherapeutic agents. If other pharmaceutical companies announce that they observed frequent adverse events or unknown safety issues in their trials involving compounds similar to, or competitive with, FOLOTYN, we could encounter delays in the timing of our clinical trials or difficulties in obtaining or maintaining the necessary regulatory approvals for FOLOTYN. In addition, the public perception of FOLOTYN might be adversely affected, which could harm our business and results of operations and cause the market price of our common stock to decline, even if the concern relates to another company's product or product candidate. Our planned trials to reduce side effects of FOLOTYN may not be successful.

Even if FOLOTYN meets safety and efficacy endpoints in clinical trials for additional indications, regulatory authorities may not approve FOLOTYN, or we may face post-approval problems that require withdrawal of FOLOTYN from the market.

We will not be able to market FOLOTYN in the United States for any additional indications or in any other countries for any indications until we have obtained the necessary regulatory approvals. Our receipt of approval of FOLOTYN in the United States for the treatment of patients with relapsed or refractory PTCL does not guarantee that we will obtain regulatory approval to market FOLOTYN in the United States for any additional indications or in any other countries. FOLOTYN may not be approved for any additional indications even if it achieves its endpoints in clinical trials. Regulatory agencies, including the FDA, or their advisors, may disagree with our interpretations of data from preclinical studies and clinical trials. The FDA has substantial discretion in the approval process, and when or whether regulatory approval will be obtained for any drug we develop. Regulatory agencies also may approve a product candidate for fewer conditions than requested or may grant approval subject to the performance of post-approval studies or Risk Evaluation and Mitigation Strategies for a product candidate. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of FOLOTYN. Following regulatory approval for any additional indication, FOLOTYN may later produce adverse events that limit or prevent its widespread use or that force us to withdraw FOLOTYN from the market for that indication or other indications. In addition, a marketed product continues to be subject to strict regulation after approval and may be required to undergo post-approval studies. For example, we are required to conduct two randomized Phase 3 trials to confirm FOLOTYN's clinical benefit in patients with T-cell lymphoma as well as two Phase 1 trials to assess whether FOLOTYN poses a serious risk of altered drug levels resulting from organ impairment. Any unforeseen problems with an approved product, any failure to meet the post-approval study requirements or any violation of regulations could result in restrictions on the product, including its withdrawal from the market. Any delay in or failure to obtain or maintain regulatory approvals for FOLOTYN in the United States for any additional indication or in any other countries could harm our business.

Our collaboration partner, Mundipharma, may not be successful in obtaining regulatory approval for FOLOTYN in a number of countries and FOLOTYN is subject to numerous complex regulatory requirements.

Our collaboration partner, Mundipharma ,may not be successful in obtaining regulatory approval for FOLOTYN in a number of countries and FOLOTYN is subject to numerous complex regulatory requirements. Failure to comply with, or changes to, the regulatory requirements that are applicable to FOLOTYN outside the United States may result in a variety of consequences, including the following:

- restrictions on FOLOTYN or our manufacturing processes;
- warning letters;
- withdrawal of FOLOTYN from the market;
- voluntary or mandatory recall of FOLOTYN;
- fines against us;
- suspension or withdrawal of regulatory approvals for FOLOTYN;
- suspension or termination of any of our ongoing clinical trials of FOLOTYN;
- refusal to permit import or export of FOLOTYN;
- refusal to approve pending applications or supplements to approved applications that we submit;
- denial of permission to file an application or supplement in a jurisdiction;
- product seizure;
- our strategic collaborator, Mundipharma, terminating our arrangement to co-develop FOLOTYN globally and
- commercialize FOLOTYN outside the United States and Canada, which would delay development and may
- increase the cost of developing and commercializing FOLOTYN; and
- injunctions, consent decrees, or the imposition of civil or criminal penalties against us.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended September 30, 2012, we purchased 705,000 shares of our common stock under our previously approved repurchase plan for an aggregate purchase price of $8.6 million. The following table provides information regarding our repurchases for each month comprising the third quarter of fiscal year 2012.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs (1)
July 1, 2012 – July 31, 2012	—	$ —	—	$ 21,756,997
August 1, 2012 – August 31, 2012	—	$ —	—	$ 96,756,997
September 1, 2012 – September 30, 2012	705,000	$12.21	705,000	$ 88,126,243
Total	705,000	$12.21	705,000	

(1) On August 10, 2012, we announced that our board of directors had authorized the repurchase and retirement of up to $100 million of our common stock in open market transactions, including block purchases, through 10b5-1 plans or in privately negotiated transactions, each in accordance with applicable Securities and Exchange Commission rules, when opportunities become available to purchase shares at prices believed to be attractive. The term for the repurchase program expires August 1, 2013, however, we may suspend or terminate it at any time. The previous authorization was for up to $25 million and covered the period through December 31, 2012.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.2	Second Amended and Restated Bylaws. (Filed as Exhibit 3.2 to the Registrant's Form 8-K, File No. 001-35006, as filed with the Securities and Exchange Commission on August 8, 2012, and incorporated herein by reference.)
10.1	Credit Agreement, dated September 5, 2012, by and among Spectrum Pharmaceuticals, Inc., the Guarantors named therein, the Lenders named therein and Bank of America, N.A, as the administrative agent. (Filed as Exhibit 10.1 to the Registrant's Form 8-K, File No. 001-35006, as filed with the Securities and Exchange Commission on September 5, 2012, and incorporated herein by reference.)
10.2+	Term Sheet for 2009 Incentive Award Plan, Nonqualified Stock Option Award Awarded to Non-Employee Directors (Revised July 2012).
10.3#	License Agreement for 10-Propargyl-10-Deazaaminopterin "PDX" dated December 23, 2002 and amended May 9, 2006 between Allos Therapeutics, Inc. and SRI International, Sloan-Kettering Institute for Cancer Research and Southern Research Institute. (Filed as Exhibit 10.1 to Allos Therapeutics, Inc.'s Form 10-Q/A, File No. 000-29815, as filed with the Securities and Exchange Commission on August 17, 2012, and incorporated herein by reference.)
10.4#	Second Amendment to License Agreement for 10-Propargyl-10-Deazaaminopterin "PDX" dated November 6, 2007 between Allos Therapeutics, Inc. and SRI International, Sloan-Kettering Institute for Cancer Research and Southern Research Institute. (Filed as Exhibit 10.13.1 to Allos Therapeutics, Inc.'s Form 10-K, File No. 000-29815, as filed with the Securities and Exchange Commission on March 1, 2010, and incorporated herein by reference.)
10.5#	License, Development and Commercialization Agreement, dated May 10, 2011, by and between Mundipharma International Corporation Limited and Allos Therapeutics, Inc. (Filed as Exhibit 10.25 to Allos Therapeutics, Inc.'s Form 10-K, File No. 000-29815, as filed with the Securities and Exchange Commission on March 26, 2012, and incorporated herein by reference.)
10.6#	Supply Agreement dated May 10, 2011, by and between Mundipharma Medical Company and Allos Therapeutics, Inc. (Filed as Exhibit 10.2 to Allos Therapeutics, Inc.'s Form 10-Q, File No. 000-29815, as filed with the Securities and Exchange Commission on August 4, 2011, and incorporated herein by reference.)
10.7#	Third Amendment to License Agreement for 10-Propargyl-10-Deazaaminopterin "PDX" dated May 10, 2011 between Allos Therapeutics, Inc. and SRI International, Sloan-Kettering Institute for Cancer Research and Southern Research Institute. (Filed as Exhibit 10.3 to Allos Therapeutics, Inc.'s Form 10-Q, File No. 000-29815, as filed with the Securities and Exchange Commission on August 4, 2011, and incorporated herein by reference.)
10.8+	License Agreement, dated December 21, 2007, by and between Biogen Idec Inc. and Cell Therapeutics, Inc.
10.9+	License-Back Agreement, dated December 21, 2007, by and between Biogen Idec Inc. and Cell Therapeutics, Inc.
10.10+#	Sublicense Agreement, dated December 21, 2007, by and between Cell Therapeutics, Inc. and Biogen Idec Inc.
10.11+#	Sublicense Agreement, dated December 21, 2007, by and among Cell Therapeutics, Inc., Biogen Idec Inc., SmithKline Beecham Corporation d/b/a GlaxoSmithKline and Glaxo Group Limited.
10.12+#	Sublicense Agreement, dated December 21, 2007, by and among Cell Therapeutics, Inc., Biogen Idec Inc., Corixa Corporation, Coulter Pharmaceutical, Inc., The Regents of the University of Michigan and SmithKline Beecham Corporation d/b/a GlaxoSmithKline.
10.13+	Employment Agreement by and between the Registrant and Joseph Kenneth Keller, entered into August 28, 2012, as amended September 5, 2012, and effective as of September 1, 2012.
10.14+#	Omnibus Amendment to Zevalin Supply Arrangements, dated October 1, 2012, by and between Biogen Idec US Corporation and RIT Oncology, LLC, a wholly-owned subsidiary of the Registrant.

Exhibit Number	Description
10.15+#	Supply Agreement, dated June 9, 1999, by and between IDEC Pharmaceuticals Corporation and Schering Aktiengesellschaft, as amended December 14, 2004 and January 16, 2012, by and between Idec Pharmaceuticals Corporation and Schering Aktiengesellschaft.
10.16+	License Agreement, dated May 23, 2006, by and between Merck Eprova AG and Spectrum Pharmaceuticals, Inc.
10.17+	Manufacturing and Supply Agreement, dated May 23, 2006, by and between Merck Eprova AG and Spectrum Pharmaceuticals, Inc.
31.1+	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) promulgated under the Securities Exchange Act of 1934.
31.2+	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) promulgated under the Securities Exchange Act of 1934.
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.
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.
101.1*	XBRL Instance Document.

\+ Filed herewith.

\# Confidential portions omitted and filed separately with the U.S. Securities and Exchange Commission pursuant to Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

* The XBRL information is being furnished and not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any registration statement under the Securities Act of 1933, as amended.

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: November 9, 2012

By: /s/ Brett L. Scott

Brett L. Scott
Senior Vice President, Acting Chief Financial Officer
(Authorized Signatory and Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Description
3.2	Second Amended and Restated Bylaws. (Filed as Exhibit 3.2 to the Registrant's Form 8-K, File No. 001-35006, as filed with the Securities and Exchange Commission on August 8, 2012, and incorporated herein by reference.)
10.1	Credit Agreement, dated September 5, 2012, by and among Spectrum Pharmaceuticals, Inc., the Guarantors named therein, the Lenders named therein and Bank of America, N.A, as the administrative agent. (Filed as Exhibit 10.1 to the Registrant's Form 8-K, File No. 001-35006, as filed with the Securities and Exchange Commission on September 5, 2012, and incorporated herein by reference.)
10.2+	Term Sheet for 2009 Incentive Award Plan, Nonqualified Stock Option Award Awarded to Non-Employee Directors (Revised July 2012).
10.3#	License Agreement for 10-Propargyl-10-Deazaaminopterin "PDX" dated December 23, 2002 and amended May 9, 2006 between Allos Therapeutics, Inc. and SRI International, Sloan-Kettering Institute for Cancer Research and Southern Research Institute. (Filed as Exhibit 10.1 to Allos Therapeutics, Inc.'s Form 10-Q/A, File No. 000-29815, as filed with the Securities and Exchange Commission on August 17, 2012, and incorporated herein by reference.)
10.4#	Second Amendment to License Agreement for 10-Propargyl-10-Deazaaminopterin "PDX" dated November 6, 2007 between Allos Therapeutics, Inc. and SRI International, Sloan-Kettering Institute for Cancer Research and Southern Research Institute. (Filed as Exhibit 10.13.1 to Allos Therapeutics, Inc.'s Form 10-K, File No. 000-29815, as filed with the Securities and Exchange Commission on March 1, 2010, and incorporated herein by reference.)
10.5#	License, Development and Commercialization Agreement, dated May 10, 2011, by and between Mundipharma International Corporation Limited and Allos Therapeutics, Inc. (Filed as Exhibit 10.25 to Allos Therapeutics, Inc.'s Form 10-K, File No. 000-29815, as filed with the Securities and Exchange Commission on March 26, 2012, and incorporated herein by reference.)
10.6#	Supply Agreement dated May 10, 2011, by and between Mundipharma Medical Company and Allos Therapeutics, Inc. (Filed as Exhibit 10.2 to Allos Therapeutics, Inc.'s Form 10-Q, File No. 000-29815, as filed with the Securities and Exchange Commission on August 4, 2011, and incorporated herein by reference.)
10.7#	Third Amendment to License Agreement for 10-Propargyl-10-Deazaaminopterin "PDX" dated May 10, 2011 between Allos Therapeutics, Inc. and SRI International, Sloan-Kettering Institute for Cancer Research and Southern Research Institute. (Filed as Exhibit 10.3 to Allos Therapeutics, Inc.'s Form 10-Q, File No. 000-29815, as filed with the Securities and Exchange Commission on August 4, 2011, and incorporated herein by reference.)
10.8+	License Agreement, dated December 21, 2007, by and between Biogen Idec Inc. and Cell Therapeutics, Inc.
10.9+	License-Back Agreement, dated December 21, 2007, by and between Biogen Idec Inc. and Cell Therapeutics, Inc.
10.10+#	Sublicense Agreement, dated December 21, 2007, by and between Cell Therapeutics, Inc. and Biogen Idec Inc.
10.11+#	Sublicense Agreement, dated December 21, 2007, by and among Cell Therapeutics, Inc., Biogen Idec Inc., SmithKline Beecham Corporation d/b/a GlaxoSmithKline and Glaxo Group Limited.
10.12+#	Sublicense Agreement, dated December 21, 2007, by and among Cell Therapeutics, Inc., Biogen Idec Inc., Corixa Corporation, Coulter Pharmaceutical, Inc., The Regents of the University of Michigan and SmithKline Beecham Corporation d/b/a GlaxoSmithKline.
10.13+	Employment Agreement by and between the Registrant and Joseph Kenneth Keller, entered into August 28, 2012, as amended September 5, 2012, and effective as of September 1, 2012.
10.14+#	Omnibus Amendment to Zevalin Supply Arrangements, dated October 1, 2012, by and between Biogen Idec US Corporation and RIT Oncology, LLC, a wholly-owned subsidiary of the Registrant.

Exhibit Number	Description
10.15+#	Supply Agreement, dated June 9, 1999, by and between IDEC Pharmaceuticals Corporation and Schering Aktiengesellschaft, as amended December 14, 2004 and January 16, 2012, by and between Idec Pharmaceuticals Corporation and Schering Aktiengesellschaft.
10.16+	License Agreement, dated May 23, 2006, by and between Merck Eprova AG and Spectrum Pharmaceuticals, Inc.
10.17+	Manufacturing and Supply Agreement, dated May 23, 2006, by and between Merck Eprova AG and Spectrum Pharmaceuticals, Inc.
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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.
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.
101.1*	XBRL Instance Document.

\+ Filed herewith.

\# Confidential portions omitted and filed separately with the U.S. Securities and Exchange Commission pursuant to Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

* The XBRL information is being furnished and not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any registration statement under the Securities Act of 1933, as amended.

Exhibit 10.2

SPECTRUM PHARMACEUTICALS, INC.
TERM SHEET FOR 2009 INCENTIVE AWARD PLAN
NONQUALIFIED STOCK OPTION AWARD
AWARDED TO NON-EMPLOYEE DIRECTORS

FOR GOOD AND VALUABLE CONSIDERATION, Spectrum Pharmaceuticals, Inc. (the "Company"), hereby grants to the Participant named below a nonqualified stock option (the "Option") to purchase any part or all of the number of shares of its common stock (the "Common Stock"), that are covered by this Option, as specified below, at the Exercise Price per share specified below and upon the terms and subject to the conditions set forth in this Term Sheet, the Spectrum Pharmaceuticals, Inc. 2009 Incentive Award Plan (the "Plan") and the Standard Terms and Conditions (the "Standard Terms and Conditions") promulgated under such Plan, each as amended from time to time. This Option is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions.

Name of Participant:	
Grant Date:	
Number of Shares of Common Stock covered by Option:	
Exercise Price Per Share:	$
Vesting Schedule:	

This Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended. By accepting this Term Sheet, Participant acknowledges that he or she has received and read, and agrees that this Option shall be subject to, and Participant shall comply with, the terms of this Term Sheet, the Plan and the Standard Terms and Conditions.

IN WITNESS WHEREOF, the Company has caused this Option to be executed by its duly authorized officer.

SPECTRUM PHARMACEUTIALS, INC.

Rajesh C. Shrotriya, M.D.
CEO & President

[Participant/Spouse Signature page follows on the reverse side of this Term Sheet]

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing Option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges that a copy of the Standard Terms and Conditions and the Plan are available on the Company's intranet.

PARTICIPANT

Signature

By his or her signature below, the spouse of the Participant, if Participant is legally married as of the date of his or her execution of this Term Sheet, acknowledges that he or she has read this Term Sheet, the Standard Terms and Conditions and the Plan and is familiar with the terms and provisions thereof, and agrees to be bound by all the terms and conditions of this Term Sheet, the Standard Terms and Conditions and the Plan.

Signature of Spouse

OR

By his or her signature below, the Participant represents that he or she is not legally married as of the date of execution of this Term Sheet.

PARTICIPANT

Signature

SPECTRUM PHARMACEUTICALS, INC.
STANDARD TERMS AND CONDITIONS FOR
NONQUALIFIED STOCK OPTION AWARD
GRANTED TO NON-EMPLOYEE DIRECTORS

These Standard Terms and Conditions apply to any Options granted under the Spectrum Pharmaceuticals, Inc. 2009 Incentive Award Plan (the "Plan") to non-employee members of the Company's Board of Directors, which are identified as nonqualified stock options and are evidenced by a Term Sheet or an action of the Administrator that specifically refers to these Standard Terms and Conditions. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

1. TERMS OF OPTION

SPECTRUM PHARMACEUTICALS, INC. (the "Company"), has granted to the Participant named in the Term Sheet provided to said Participant herewith (the "Term Sheet") a nonqualified stock option (the "Option") to purchase up to the number of shares of the Company's common stock (the "Common Stock"), set forth in the Term Sheet, at the purchase price per share and upon the other terms and subject to the conditions set forth in the Term Sheet, these Standard Terms and Conditions (as amended from time to time), and the Plan. For purposes of these Standard Terms and Conditions and the Term Sheet, any reference to the Company shall include a reference to any Subsidiary.

2. NON-QUALIFIED STOCK OPTION

The Option is not intended to be an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") and will be interpreted accordingly.

3. EXERCISE OF OPTION

The Option shall continue to vest, in accordance with the Vesting Schedule set forth on the Term Sheet, so long as Participant remains in Continuous Service. Participant may exercise any vested portion of the Option at any time prior to the Expiration Date of the Option.

To exercise the Option (or any part thereof), Participant shall provide notice to the Company specifying the number of whole shares of Common Stock Participant wishes to purchase and how Participant's shares of Common Stock should be registered (in Participant's name only or in Participant's and Participant's spouse's names as community property or as joint tenants with right of survivorship).

The exercise price (the "Exercise Price") of the Option is set forth in the Term Sheet. The Company shall not be obligated to issue any shares of Common Stock until Participant shall have paid the total Exercise Price for that number of shares of Common Stock. The Exercise Price may be paid as permitted in the Plan.

Fractional shares will not be issued. Shares of Common Stock will be issued as soon as practical after exercise. Notwithstanding the above, the Company shall not be obligated to deliver any shares of Common Stock during any period when the Company determines that the exercisability of the Option or the delivery of shares hereunder would violate any federal, state or other applicable laws.

4. EXPIRATION OF OPTION

The Option shall expire and cease to be exercisable ten (10) years after the Grant Date of the Option (the Expiration Date), except as provided in this Section 4.

A. This Option shall expire and cease to be exercisable upon the earlier of the Expiration Date of the Option or the expiration of five (5) years from the date of termination of Participant's Continuous Service if such termination occurs for any reason other than (i) removal from office by action of the Board or the stockholders of the Company, or (ii) a failure to be elected as a director by the stockholders at any meeting of the stockholders at which Participant was a candidate for election to the Board, or (iii) Participant resigning from the Board prior to the expiration of his or her term of office.

B. This Option shall expire and cease to be exercisable upon the earlier of the Expiration Date of the Option or the expiration of three (3) months from the date of termination of Participant's Continuous Service if such termination is due to (i) removal from office by action of the Board or the stockholders of the Company, or (ii) a failure to be elected as a director by the stockholders at any meeting of the stockholders at which Participant was a candidate for election to the Board, or (iii) Participant resigning from the Board prior to the expiration of his or her term of office.

5. RESTRICTIONS ON RESALES OF OPTION SHARES

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued as a result of the exercise of the Option, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other optionholders, (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers or (d) restrictions under federal or state securities laws.

6. INCOME TAXES

To the extent required by applicable federal, state, local or foreign law, the Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise by reason of an Option exercise or disposition of shares issued as a result of an Option exercise. The Company shall not be required to issue shares or to recognize the disposition of such shares until such obligations are satisfied.

7. NON-TRANSFERABILITY OF OPTION

The Participant may transfer some or all of his or her Options to one or more "family members," which is not a "prohibited transfer for value," provided that (i) the Participant (or such Participant's estate or representative) shall remain obligated to satisfy all income or other tax withholding obligations associated with the exercise of such Option; (ii) the Participant shall notify the Company in writing that such transfer has occurred and disclose to the Company the name and address of the "family member" or "family members" and their relationship to the Participant, and (iii) such transfer shall be effected pursuant to transfer documents in a form approved by the Committee. For purposes of the foregoing, the terms "family members" and "prohibited transfer for value" have the meaning ascribed to them in the General Instructions to form S-8 (or any successor form) promulgated under the Securities Act of 1933, as amended.

8. THE PLAN AND OTHER AGREEMENTS

In addition to these Standard Terms and Conditions, the Option shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. A copy of the Plan, and the accompanying prospectus, is available at the Company's intranet site.

The Term Sheet, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Option. Any prior agreements, commitments or negotiations concerning the Option are superseded.

9. LIMITATION OF INTEREST IN SHARES SUBJECT TO OPTION

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Term Sheet or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person upon exercise of the Option or any part of it. Nothing in the Plan, in the Term Sheet, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any employment rights or any rights to continue as a director with the Board or in service to the Company.

10. DEFINITIONS

For purposes of these Standard Terms and Conditions, "Continuous Service" means (i) employment by either the Company or any subsidiary, or by a corporation or a parent or subsidiary of a corporation issuing or assuming a stock option in a transaction to which Section 424(a) of the Code applies, which is uninterrupted except for vacations, illness (except for Disability), or leaves of absence which are approved in writing by the Company or such other employer corporation (and in the case of an incentive stock option, the leave of absence cannot exceed 90 days unless reemployment following the leave is guaranteed by contract or statute), (ii) service as a member of the Board until Participant dies, resigns, is removed from office, or Participant's term of office expires and he or she is not reelected, or (iii) so long as Participant is engaged as Service Provider to the Company or other corporation referred to in clause (i) above.

11. GENERAL

In the event that any provision of these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect.

These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

All questions arising under the Plan or under these Standard Terms and Conditions shall be decided by the Administrator in its sole and absolute discretion.

12. "MARKET STAND-OFF" CONDITIONS

Participant agrees that, if requested by the Company, Participant will not sell or otherwise transfer or dispose of any shares held by Participant without the prior written consent of the Company during such period of time.

13. INTERPRETATION

This Option is granted pursuant to the terms of the Plan, and shall in all respects be interpreted in accordance therewith. The Committee shall have the power to interpret the Plan, the Term Sheet and these Standard Terms and Conditions and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. Any action, decision, interpretation or determination by the Committee shall be final, binding and conclusive on the Company and the Participant. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Option. Notwithstanding the provision of Sections 10.1(a) — 10.1(d) of the Plan, the Committee shall have the discretion to provide terms and conditions regarding (i) the vesting of this Option in the event of a Change in Control, and/or (ii) the assumption of this Option or issuance of comparable securities or new incentives in the event of a Change in Control.

14. NOTICES

Any notice, demand or request required or permitted to be given under the Term Sheet and these Standard Terms and Conditions shall be in writing and shall be deemed given when delivered personally or three (3) days after being deposited in the United States mail, as certified or registered mail, with postage prepaid, and addressed, if to the Company, at its principal place of business, Attention: Legal Department, and if to the Participant, at his or her most recent address as shown in the employment or stock records of the Company.

15. GOVERNING LAW

The validity, construction, interpretation, and effect of this Option shall be governed by and determined in accordance with the laws of the State of California.

16. SEVERABILITY

Should any provision or portions of this Agreement be held to be unenforceable or invalid for any reason, the remaining provisions and portions of this Agreement shall be unaffected by such holding.

17. COUNTERSIGNATURE

The Term Sheet may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument, and is incorporated herein.

Exhibit 10.8

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement"), dated as of December 21, 2007 (the "Effective Date"), is made by and between CELL THERAPEUTICS, INC., a Washington corporation ("CTI"), and BIOGEN IDEC INC., a Delaware corporation ("BIIB").

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of August 15, 2007, by and between CTI and BIIB (the "Asset Purchase Agreement"), CTI has purchased certain assets (the "Acquisition") from BIIB relating to the Product (as defined in the Asset Purchase Agreement); and

WHEREAS, in connection with the Acquisition, BIIB desires to grant, and CTI desires to accept, certain licenses to the Licensed Patents (as defined in the Asset Purchase Agreement), all the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, CTI and BIIB agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below (note: terms used but not otherwise defined herein shall have their respective meanings as set forth in the Asset Purchase Agreement):

"Action" means any claim, dispute, action (including any action seeking injunctive or other equitable relief), arbitration, mediation, litigation, proceeding, suit or governmental investigation and any appeal therefrom.

"Acquisition" has the meaning set forth in the recitals.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with such first person. A Person will be deemed to "Control" another Person if such first person has the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of securities, by contract or otherwise.

"Agreement" has the meaning set forth in the introductory paragraph.

"Asset Purchase Agreement" has the meaning set forth in the recitals.

"BIIB" has the meaning set forth in the introductory paragraph.

"Cabilly Agreement" means that certain Amended and Restated Non-Exclusive License Agreement, dated on or about the date hereof, by and between Genentech and BIIB, as may be amended from time to time.

"Cross-License Patents" means any patents that (i) are assigned or licensed (or are based upon patent applications assigned or licensed) by BIIB to CTI pursuant to the Transaction Documents and (ii) were granted, or are based upon patent applications that were pending, as of December 7, 1993.

"CTI" has the meaning set forth in the introductory paragraph.

"Effective Date" means the meaning set forth in the introductory paragraph.

"Genentech" means Genentech, Inc., a Delaware corporation.

"Governmental Entity" means any court, administrative agency or commission or other governmental or regulatory authority or instrumentality of applicable jurisdiction, whether domestic or foreign.

"Licensed Patents" has the meaning set forth in the Asset Purchase Agreement.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, business association, organization, Governmental Entity or other entity.

"Product" has the meaning set forth in the Asset Purchase Agreement.

"Term" has the meaning set forth in Section 4.1.

"Transaction Documents" has the meaning set forth in the Asset Purchase Agreement.

"United States" means the United States of America, together with all of its territories and possessions, and the Commonwealth of Puerto Rico.

Section 1.2 Interpretation.

(a) When used in this Agreement, the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation."

(b) Any terms defined in the singular shall have a comparable meaning when used in the plural, and vice-versa.

(c) All references to any introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules shall be deemed references to the introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules to this Agreement unless otherwise specifically set forth herein.

(d) This Agreement shall be deemed drafted jointly by CTI and BIIB and shall not be specifically construed against either party based on any claim that such party or its counsel drafted this Agreement.

ARTICLE II
LICENSE

Section 2.1 License. Subject to the terms and conditions of this Agreement, BIIB hereby grants to CTI, and CTI hereby accepts, an exclusive (even as to BIIB but subject to the license to Genentech contemplated by Section 2.2), fully-paid, freely transferable (including the right to sublicense) license under the Licensed Patents to develop, make, have made, use, offer to sell, sell, have sold and import the Product in the United States during the Term, but solely for ultimate use of such Product by end-users in the United States. For the avoidance of doubt, no rights are granted pursuant to this Agreement (and CTI shall have no rights) with respect to the Licensed Patents (i) for any purpose other than to develop, make, have made, use, offer to sell, sell, have sold and import the Product in the United States during the Term for ultimate use of such Product by end-users in the United States or (ii) for any purpose in any territory outside of the United States even if such purpose results in ultimate use of such Product by end-users in the United States. The foregoing restrictions pertaining to use by end-users (in the preceding sentence) shall not be construed to prevent the sale of the Product to Persons in a distribution chain resulting in eventual use by end-users in the United States.

Section 2.2 Reservation of Cross-License for Genentech. The license granted herein pursuant to Section 2.1(a) is subject to BIIB's non-exclusive license to Genentech to make, use and sell the Product within the Field (as defined in the Cabilly Agreement) and in the United States under any Cross-License Patents that would otherwise block the ability of Genentech or its Designee (as defined in the Cabilly Agreement) to make, use or sell the Product within the Field and in the United States.

Section 2.3 Prosecution, Maintenance and Enforcement. As between the parties: (i) BIIB shall have the sole right, to be exercised (or not exercised) in BIIB's sole discretion, as to (x) the prosecution and maintenance of the Licensed Patents and (y) the conduct of any and all Actions in respect of any infringement of any of the Licensed Patents; and (ii) BIIB shall bear the cost of any such prosecution, maintenance and Actions; provided, however, that (A) CTI shall, as reasonably requested by BIIB, provide reasonable cooperation and assistance to BIIB in relation to any such prosecution, maintenance and Actions insofar as the same shall relate to the Product, all at the expense of BIIB, and (B) BIIB shall (subject to any relevant confidentiality obligations of BIIB) consult with CTI to the extent that any such prosecution or maintenance, or the conduct of any such Actions, could reasonably be expected to have any material effect on the Product. CTI and BIIB shall each inform the other promptly in writing of any alleged infringement by a third Person of the Licensed Patents that comes to its attention and of any reasonably available evidence thereof. All recoveries by BIIB from Actions (net of reasonable fees and expenses, including reasonable attorneys' fees and costs) shall be treated as part of the Yearly Net Sales Amount (as defined in the Asset Purchase Agreement) to the extent attributable or allocable solely to the Product in the United States and such amounts shall be promptly paid to CTI.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 BIIB. BIIB represents and warrants to CTI, as of the Effective Date, as follows:

(a) BIIB has the power and authority to execute, deliver and perform this Agreement, and this Agreement is a valid and binding obligation of BIIB, enforceable in accordance with its terms; and

(b) BIIB has the right to grant the licenses to the Licensed Patents that are the subject of this Agreement.

Section 3.2 No Implied Warranties. EXCEPT AS EXPRESSLY SET FORTH ABOVE IN SECTION 3.1 AND IN ARTICLE V OF THE ASSET PURCHASE AGREEMENT, BIIB MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, VALIDITY, ENFORCEABILITY OR NON-INFRINGEMENT REGARDING OR WITH RESPECT TO THE LICENSED PATENTS.

ARTICLE IV
TERM AND TERMINATION

Section 4.1 Term. This Agreement shall commence on the Effective Date and shall continue until the last to expire of the Licensed Patents, unless earlier terminated in accordance with this Article IV (the "Term").

Section 4.2 Termination.

(a) BIIB and CTI shall each have the right to terminate this Agreement with immediate effect upon written notice to the other upon the occurrence of any of the following:

(i) the other party files a petition in bankruptcy, or enters into an agreement with its creditors, or applies for or consents to the appointment of a receiver or trustee, or makes an assignment for the benefit of creditors, or becomes subject to involuntary proceedings under any bankruptcy or insolvency law; or

(ii) the other party fails to cure any material noncompliance with any of the terms and conditions hereof or any material breach of the representations and warranties hereof within the time period specified in any written notice (which shall be at least sixty (60) days) delivered to such non-compliant or breaching party.

(b) CTI shall have the additional right to terminate this Agreement without cause upon written notice delivered to BIIB.

(c) BIIB shall have the additional right to terminate this Agreement with immediate effect upon written notice to CTI upon CTI failing to cure any material noncompliance with any of the terms and conditions of any of the Transaction Documents within the time period specified in any written notice (which shall be at least sixty (60) days) delivered to CTI; provided, however, that the foregoing shall not apply to any such non-compliance relating solely to a good faith payment dispute so long as such dispute remains unsettled and any amounts not in dispute have been timely paid.

Section 4.3 Effect of Termination. If this Agreement expires pursuant to Section 4.1 or is terminated pursuant to Section 4.2, any such expiration or termination shall not operate to discharge any liability that had been incurred by either party prior thereto.

Section 4.4 Survival. Sections 2.3, 3.2 and 4.3 and Article V shall survive any expiration or termination of this Agreement.

ARTICLE V
MISCELLANEOUS

The provisions of Articles XII (Indemnification) and XIII (General Provisions) of the Asset Purchase Agreement are incorporated herein, *mutatis mutandis*, by reference and shall be effective as if fully set forth herein. In furtherance of the foregoing, consistent with Section 12.2 of the Asset Purchase Agreement, each party acknowledges and agrees that the other party shall be entitled to seek temporary or permanent injunctive relief or specific performance in order to enforce its rights under this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this License Agreement to be signed by their respective representatives thereunto duly authorized, all as of the Effective Date.

BIOGEN IDEC INC.

By: /s/ Faheem Hasnain
Name:
Title:

CELL THERAPEUTICS, INC.

By: /s/ James A. Bianco
Name:
Title:

Exhibit 10.9

LICENSE-BACK AGREEMENT

THIS LICENSE-BACK AGREEMENT (this "Agreement"), dated as of December 21, 2007 (the "Effective Date"), is made by and between CELL THERAPEUTICS, INC., a Washington corporation ("CTI"), and BIOGEN IDEC INC., a Delaware corporation ("BIIB").

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of August 15, 2007, by and between CTI and BIIB (the "Asset Purchase Agreement"), CTI has purchased assets (the "Acquisition") from BIIB relating to the Product (as defined in the Asset Purchase Agreement);

WHEREAS, in connection with the Acquisition, the parties desire, as between the parties, that BIIB continue to enjoy (i) certain rights in the Product Patents (as defined in the Asset Purchase Agreement) necessary to fulfill its obligations under the Supply Agreement (as defined below), (ii) certain economic benefits of, and be responsible for all economic and other obligations and liabilities relating to, the sale of the Product worldwide, including those obligations under the Schering License Agreement and the Schering Supply Agreement (as both terms are defined below), except for those assigned to and assumed by CTI under the Transaction Documents (as defined in the Asset Purchase Agreement), and (iii) certain rights in the Product Patents for all purposes other than the development, manufacture and sale of the Product; and

WHEREAS, to accomplish this, CTI desires to grant, and BIIB desires to accept, certain licenses and other rights.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, CTI and BIIB agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below (note: terms used but not otherwise defined herein shall have their respective meanings as set forth in the Asset Purchase Agreement):

"Action" means any claim, dispute, action (including any action seeking injunctive or other equitable relief), arbitration, mediation, litigation, proceeding, suit or governmental investigation and any appeal therefrom.

"Acquisition" has the meaning set forth in the recitals.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with such first Person. A Person will be deemed to "Control" another Person if such first Person has the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of securities, by contract or otherwise.

“Agreement” has the meaning set forth in the introductory paragraph.

“Asset Purchase Agreement” has the meaning set forth in the recitals.

“Assigned Contracts” has the meaning set forth in the Asset Purchase Agreement.

“Assumed Contractual Obligations” has the meaning set forth in the Asset Purchase Agreement.

“BIIB” has the meaning set forth in the introductory paragraph.

“Biosimilar Product” means a biosimilar product approved by the FDA based upon reference to the prior approval of the Product (and the clinical data supporting such approval) to which such biosimilar product is therapeutically equivalent.

“Cabilly Agreement” means that certain Amended and Restated Non-Exclusive License Agreement, dated on or about the date hereof, by and between Genentech and BIIB, as may be amended from time to time.

“Cross-License Patents” means any patents that (i) are assigned or licensed (or are based upon patent applications assigned or licensed) by BIIB to CTI pursuant to the Transaction Documents and (ii) were granted, or are based upon patent applications that were pending, as of December 7, 1993.

“CTI” has the meaning set forth in the introductory paragraph.

“Effective Date” means the meaning set forth in the introductory paragraph.

“Genentech” means Genentech, Inc., a Delaware corporation.

“Governmental Entity” means any court, administrative agency or commission or other governmental or regulatory authority or instrumentality of applicable jurisdiction, whether domestic or foreign.

“Imminent Lapse Date” has the meaning set forth in Section 2.5(b).

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, business association, organization, Governmental Entity or other entity.

“Product” has the meaning set forth in the Asset Purchase Agreement.

“Product Manufacturing Technology” has the meaning set forth in the Supply Agreement.

“Product Patents” has the meaning set forth in the Asset Purchase Agreement.

“Product Trade Dress” has the meaning set forth in the Asset Purchase Agreement.

“Product Trademarks” has the meaning set forth in the Asset Purchase Agreement.

"Purchased Assets" has the meaning set forth in the Asset Purchase Agreement.

"Schering" has the meaning set forth in the Asset Purchase Agreement.

"Schering License Agreement" has the meaning set forth in the Asset Purchase Agreement, as the same may be amended from time to time (so long as any such amendment does not provide Schering or any successor or assignee with a right to offer to sell, sell, import or distribute the Product in the United States).

"Schering Supply Agreement" has the meaning set forth in the Asset Purchase Agreement, as the same may be amended from time to time (so long as any such amendment does not provide Schering or any successor or assignee with a right to offer to sell, sell, import or distribute the Product in the United States).

"Supply Agreement" means that certain Supply Agreement, dated as of the Effective Date, by and between CTI and BIIB.

"Transaction Documents" has the meaning set forth in the Asset Purchase Agreement.

"United States" means the United States of America, together with all of its territories possessions, and the Commonwealth of Puerto Rico.

Section 1.2 Interpretation.

(a) When used in this Agreement, the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation."

(b) Any terms defined in the singular shall have a comparable meaning when in the plural, and vice-versa.

(c) All references to any introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules shall be deemed references to the introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules to this Agreement unless otherwise specifically set forth herein.

(d) This Agreement shall be deemed drafted jointly by CTI and BIIB and shall not be specifically construed against either party based on any claim that such party or its counsel drafted this Agreement.

ARTICLE II
LICENSE

Section 2.1 License for the Product. Subject to the terms and conditions of this Agreement, CTI hereby grants to BIIB, and BIIB hereby accepts, the following:

(a) a non-exclusive, worldwide, fully-paid, freely transferable (including the right to sublicense) license during the Term (as defined in the Supply Agreement) of the Supply Agreement under the Product Patents, the Product Trade Dress, the Product Trademarks and the Product Manufacturing Technology (to the extent of any CTI interest in the Product Manufacturing Technology) to develop, make and have made the Product but only for the purpose of fulfilling BIIB's obligations under the Supply Agreement;

(b) an exclusive (even as to CTI), worldwide, fully-paid, irrevocable, perpetual, freely transferable (including the right to sublicense) license under the Product Patents, the Product Trade Dress, the Product Trademarks and the Product Manufacturing Technology (to the extent of any CTI interest in the Product Manufacturing Technology) to develop, make, have made, use, offer to sell, sell, have sold and import the Product, except where such Product is ultimately used by, or sold to, end-users in the United States; and

(c) the worldwide, fully-paid, irrevocable, perpetual, freely transferable (including the right to sublicense) right under the Product Patents, the Product Trade Dress, the Product Trademarks and the Product Manufacturing Technology (to the extent of any CTI interest in the Product Manufacturing Technology) solely to perform obligations for, or provide rights to Schering or its licensees or assignees under, the Schering License Agreement or the Schering Supply Agreement.

Section 2.2 Exclusive License for Other Products. Subject to the terms and conditions of this Agreement, CTI hereby grants to BIIB, and BIIB hereby accepts, an exclusive (even as to CTI), worldwide, fully-paid, irrevocable, perpetual, freely transferable (including the right to sublicense) license under the Product Patents to develop, make, have made, use, offer to sell, sell, have sold and import anything (including any product) other than the Product.

Section 2.3 Restrictions. Without limiting the provisions of Sections 2.1 and 2.2, CTI shall not, and shall not enable any other Person to, grant or offer to grant to any Person any right or license under the Product Patents, the Product Trade Dress, the Product Trademarks or the Product Manufacturing Technology (to the extent of any CTI interest in the Product Manufacturing Technology) that (i) would be in conflict with the provisions of Sections 2.1 and 2.2 or (ii) relate to any territory outside of the United States.

Section 2.4 Schering. Without limiting the provisions of Sections 2.1 and 2.2, CTI acknowledges and agrees that, subject to the provisions of Section 9.5 of the Asset Purchase Agreement: (i) BIIB shall be permitted to maintain the Schering License Agreement and the Schering Supply Agreement following the transfer to CTI of the Purchased Assets pursuant to the Acquisition, including the right to retain all monies received from Schering under the Schering License Agreement and the Schering Supply Agreement; (ii) Schering shall continue to possess the rights set forth in the Schering License Agreement and the Schering Supply Agreement; and (iii) CTI shall not (nor enable or assist any other Person to) grant or offer to grant any right or license to the Product for any purpose in any territory outside of the United States even if such purpose results in ultimate use of such Product by end-users in the United States.

Section 2.5 Prosecution, Maintenance and Enforcement.

(a) As between the parties and subject to the provisions of this Section 2.5: (i) CTI shall have the sole right, to be exercised (or not exercised) in CTI's sole discretion, as to (x) the prosecution and maintenance of the Product Patents and the Product Trademarks; (y) the conduct of any and all Actions in respect of any infringement of any of the Product Patents by a Person developing, making, using, offering for sale, selling or importing the Product or any Biosimilar Product in the United States for use of such Product or such Biosimilar Product by an end-user in the United States; and (z) the conduct of any and all Actions in respect of any infringement of any of the Product Trademarks in the United States; and (ii) CTI shall bear the cost of any such prosecution, maintenance and Actions; provided, however, that BIIB shall, as reasonably requested by CTI, provide reasonable cooperation and assistance to CTI in relation to any such prosecution, maintenance and Actions insofar as the same shall relate to the Product. Without limiting the foregoing, CTI shall pay all maintenance fees with respect to the Product Patents and the Product Trademarks.

(b) CTI shall not abandon, allow to lapse or disclaim any portion of the Product Patents or the Product Trademarks without (i) the prior written consent of BIIB (which shall not be unreasonably withheld, delayed or conditioned) and, (ii) with respect to the Product Patents, offering to assign any such Product Patent to BIIB without payment by BIIB to CTI. Notwithstanding the foregoing, in the event that CTI fails to take such action as is necessary to avoid the abandonment, lapse or disclaimer of any Product Patent within five (5) business days of the deadline therefor ("Imminent Lapse Date") and BIIB has not consented in writing thereto, and CTI has not otherwise advised BIIB that it will take such action prior to the Imminent Lapse Date, then CTI hereby designates and appoints BIIB and each of its duly authorized officers and agents as CTI's agents and attorneys-in-fact to act on CTI's behalf to effect such action.

(c) Notwithstanding any provision herein to the contrary, as between the parties: (i) BIIB shall have the sole right, to be exercised (or not exercised) in BIIB's sole discretion, as to the conduct of any and all Actions in respect of any infringement of any of the Product Patents by a Person developing, making, using, offering for sale, selling or importing (x) anything (including any product) other than the Product or any Biosimilar Product or (y) the Product or any Biosimilar Product for use by end-users outside the United States; and (ii) BIIB shall bear the cost of any such Actions; provided, however, that (A) CTI shall, as reasonably requested by BIIB, provide reasonable cooperation and assistance to BIIB in relation to any such Action (including joining such Action as a party where necessary to maintain such Action), all at the expense of BIIB, and (B) BIIB shall (subject to any relevant confidentiality obligations of BIIB) consult with CTI to the extent that the conduct of any such Actions could reasonably be expected to have any material effect on the Product. Without limiting any other provision of this Agreement, BIIB may assign some or all of its rights under this Section 2.5(c) to one or more third parties in its discretion.

(d) CTI and BIIB shall each inform the other promptly in writing of any alleged infringement by a third Person of the Product Patents that comes to its attention and of any reasonably available evidence thereof.

Section 2.6 Cross-License for Genentech. CTI hereby grants to BIIB a non-exclusive license to grant to Genentech a license to make, use and sell the Product within the Field (as defined in the Cabilly Agreement) and in the United States under any Cross-License Patents that would otherwise block the ability of Genentech or its Designee (as defined in the Cabilly Agreement) to make, use or sell the Product within the Field and in the United States. After the Effective Date, CTI shall not grant to any third Person without the prior written consent of BIIB for the benefit of Genentech an exclusive license relating to the manufacture, use or sale of the Product except with the reservation of CTI's right to grant to BIIB for the benefit of Genentech the license contemplated under this Section 2.6. CTI does not grant to BIIB for the benefit of Genentech a license under CTI's confidential know-how relating to the Product, nor is CTI obliged to disclose such know-how to BIIB for the benefit of Genentech. Notwithstanding any provision of any of the Transaction Documents to the contrary, CTI acknowledges and agrees that CTI's right, title and interest in and to the Product Patents is subject to the license to Genentech contemplated by this Section 2.6.

Section 2.7 License Term. The licenses granted herein pursuant to Sections 2.1, 2.2 and 2.6 and the provisions of Section 2.6 shall survive any termination of this Agreement.

Section 2.8 Standards for Trade Dress and Trademarks. BIIB acknowledges that all use of the Product Trade Dress and the Product Trademarks in the United States by BIIB and its sublicensees pursuant to the right and license under Section 2.1 shall inure to the benefit of CTI or any of CTI's Affiliates, as the case may be, and shall be in accordance with the past practice of CTI and any of CTI's Affiliates for quality standards for the Product, the Product Trade Dress and the Product Trademarks. CTI shall, as reasonably requested by CTI, have the right to review BIIB's use thereof.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 CTI. Subject to the accuracy of BIIB's applicable representations and warranties in Article V of the Asset Purchase Agreement, CTI represents and warrants to BIIB, as of the Effective Date, as follows:

(a) CTI has the power and authority to execute, deliver and perform this Agreement, and this Agreement is a valid and binding obligation of CTI, enforceable in accordance with its terms; and

(b) CTI has the right to grant the licenses to the Product Patents, the Product Trade Dress, the Product Trademarks and the Product Manufacturing Technology (to the extent of any CTI interest in the Product Manufacturing Technology) that are the subject of this Agreement.

Section 3.2 No Implied Warranties. EXCEPT AS EXPRESSLY SET FORTH ABOVE IN SECTION 3.1 AND IN ARTICLE VI OF THE ASSET PURCHASE AGREEMENT, CTI MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, VALIDITY, ENFORCEABILITY OR NON-INFRINGEMENT REGARDING OR WITH RESPECT TO THE PRODUCT PATENTS, THE PRODUCT TRADE DRESS, THE PRODUCT TRADEMARKS OR THE PRODUCT MANUFACTURING TECHNOLOGY.

ARTICLE IV
TERM AND TERMINATION

Section 4.1 Term. This Agreement shall commence on the Effective Date and shall continue in perpetuity, unless earlier terminated in accordance with this Article IV.

Section 4.2 Termination. CTI and BIIB shall each have the right to terminate this Agreement with immediate effect upon written notice to the other upon the occurrence of any of the following:

(a) the other party files a petition in bankruptcy, or enters into an agreement with its creditors, or applies for or consents to the appointment of a receiver or trustee, or makes an assignment for the benefit of creditors, or becomes subject to involuntary proceedings under any bankruptcy or insolvency law; or

(b) the other party fails to cure any noncompliance with any of the terms and conditions hereof or any breach of the representations and warranties hereof within the time period specified in any written notice (which shall be at least thirty (30) days) delivered to such non-compliant or breaching party.

BIIB shall have the additional right to terminate this Agreement without cause upon written notice delivered to CTI.

Section 4.3 Effect of Termination. If this Agreement expires pursuant to Section 4.1 or is terminated pursuant to Section 4.2, any such expiration or termination shall not operate to discharge any liability that had been incurred by either party prior thereto.

Section 4.4 Survival. The licenses granted herein pursuant to Sections 2.1, 2.2 and 2.6 and the provisions of Sections 2.6, 3.2 and 4.3 and Articles II and V shall survive any expiration or termination of this Agreement.

ARTICLE V
MISCELLANEOUS

The provisions of Articles XII (Indemnification) and XIII (General Provisions) of the Asset Purchase Agreement are incorporated herein, *mutatis mutandis*, by reference and shall be effective as if fully set forth herein. In furtherance of the foregoing, consistent with Section 12.2 of the Asset Purchase Agreement, each party acknowledges and agrees that the other party shall be entitled to seek temporary or permanent injunctive relief or specific performance in order to enforce its rights under this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this License-Back Agreement to be signed by their respective representatives thereunto duly authorized, all as of the Effective Date.

CELL THERAPEUTICS, INC.

By: /s/ James A. Bianco
Name:
Title:

BIOGEN IDEC INC.

By: /s/ Faheem Hasnain
Name:
Title:

Exhibit 10.10

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT MARKED WITH [***] HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT, AS AMENDED.

SUBLICENSE AGREEMENT

THIS SUBLICENSE AGREEMENT (this "Agreement"), dated as of December 21, 2007 (the "Effective Date"), is made by and between CELL THERAPEUTICS, INC., a Washington corporation ("CTI"), and BIOGEN IDEC INC., a Delaware corporation ("BIIB").

WHEREAS, BIIB and Genentech, Inc., a Delaware corporation ("Genentech"), are parties to that certain Amended and Restated Non-Exclusive License Agreement dated as of December 20, 2007, a complete copy of which is attached hereto as Exhibit A (the "License Agreement"), pursuant to which Genentech grants, and BIIB accepts, certain licenses to the Licensed Patents (as defined in the License Agreement);

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of August 15, 2007, by and between CTI and BIIB (the "Asset Purchase Agreement"), CTI has purchased certain assets (the "Acquisition") from BIIB relating to Zevalin Product (as defined in the License Agreement); and

WHEREAS, in connection with the Acquisition, BIIB desires to grant, and CTI desires to accept, certain sublicenses to the Licensed Patents, all upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, CTI and BIIB agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below:

"Acquisition" has the meaning set forth in the recitals.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with such first Person. A Person will be deemed to "Control" another Person if such first Person has the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of securities, by contract or otherwise.

"Agreement" has the meaning set forth in the introductory paragraph.

"Asset Purchase Agreement" has the meaning set forth in the recitals.

"BIIB" has the meaning set forth in the introductory paragraph.

“BIIB Activities” means BIIB’s development, making, having made, using, offering to sell, selling, having sold or importing of Zevalin Product, other than where such Zevalin Product is manufactured for use by, or sold to, end-users in the United States, directly or indirectly, by or on behalf of CTI, its assigns or successors, or any of its or their affiliates, licensees or promotion or marketing partners.

“Closing Date” has the meaning set forth in the Asset Purchase Agreement.

“CTI” has the meaning set forth in the introductory paragraph.

“Effective Date” means the meaning set forth in the introductory paragraph.

“Genentech” has the meaning set forth in the recitals.

“Governmental Entity” means any court, administrative agency or commission or other governmental or regulatory authority or instrumentality of applicable jurisdiction, whether domestic or foreign.

“Governmental Rule” means any applicable law, judgment, order, award, decree, statute, ordinance, rule or regulation issued or promulgated by any Governmental Entity.

“License Agreement” has the meaning set forth in the recitals.

“Licensed Patents” has the meaning set forth in the License Agreement.

“Loss” has the meaning set forth in the Asset Purchase Agreement.

“Pass-Through Obligations” has the meaning set forth in Section 2.2.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, business association, organization, Governmental Entity or other entity.

“Seller Indemnified Parties” has the meaning set forth in the Asset Purchase Agreement.

“Supply Agreement” has the meaning set forth in the Asset Purchase Agreement.

“Term” has the meaning set forth in Section 4.1.

“Third Party Contractor” has the meaning set forth in Section 2.5(a).

“Transaction Documents” has the meaning set forth in the Asset Purchase Agreement.

“United States” means the United States of America, together with all of its territories and possessions, and the Commonwealth of Puerto Rico.

“Zevalin Product” has the meaning set forth in the License Agreement.

Section 1.2 Interpretation.

(a) When used in this Agreement, the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation.”

(b) Any terms defined in the singular shall have a comparable meaning when used in the plural, and vice-versa.

(c) All references to any introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules shall be deemed references to the introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules to this Agreement unless otherwise specifically set forth herein.

(d) This Agreement shall be deemed drafted by each of CTI and BIIB and shall not be specifically construed against any party based on any claim that such party or its counsel drafted this Agreement.

ARTICLE II
SUBLICENSE

Section 2.1 Sublicense. Subject to the terms and conditions of this Agreement and the License Agreement, BIIB hereby grants to CTI, and CTI hereby accepts, an exclusive (even as to BIIB) sublicense of BIIB's rights under the Licensed Patents pursuant to the License Agreement to make, use and sell Zevalin Product in the United States during the Term, but solely for ultimate use of such Product by end-users in the United States. For the avoidance of doubt, no rights are granted pursuant to this Agreement (and CTI shall have no rights) with respect to the Licensed Patents (i) for any purpose other than to make, use and sell Zevalin Product in the United States during the Term for ultimate use of such Product by end-users in the United States or (ii) for any purpose in any territory outside of the United States even if such purpose results in ultimate use of such Product by end-users in the United States. The foregoing restrictions pertaining to use by end-users (in the preceding sentence) shall not be construed to prevent the sale of Zevalin Product to Persons in a distribution chain resulting in eventual use by end-users in the United States. Notwithstanding any provision herein to the contrary, CTI is bound to at least the same limitations and restrictions as the limitations and restrictions of the License Agreement on BIIB, including the provisions of Section 7.06 of the License Agreement and the grant to BIIB of audit rights similar to Genentech's audit rights under Section 4.01 of the License Agreement, as to which CTI consents for Genentech to enforce such audit rights to the full force and effect of BIIB's rights.

Section 2.2 "Pass-Through" of Obligations. CTI agrees to abide by all of the terms, conditions and provisions of the License Agreement applicable to BIIB's sublicensee(s), it being understood that the sublicense granted pursuant to Section 2.1 is subject thereto. In addition and without limiting the foregoing, CTI hereby assumes the following obligations of BIIB under the License Agreement from and after the Effective Date (the "Pass-Through Obligations"), it also being understood that the sublicense granted pursuant to Section 2.1 is subject thereto:

(a) Minimum Royalties. The obligation to pay to Genentech, as and no later than when required by the License Agreement, the minimum annual royalty pursuant to Section 3.02 (and the correlative provisions and definitions) of the License Agreement to the extent applicable to Zevalin Product; provided, however, that if Genentech does not accept the direct performance of this obligation by CTI, or if BIIB otherwise directs CTI in BIIB's discretion, CTI shall pay the applicable amount under this Section 2.2(a) to BIIB on or before January 15 of each year.

(b) Net Sale Royalties. The obligation to pay to Genentech, as and no later than when required by the License Agreement, a royalty calculated pursuant to Sections 3.03, 3.04 and 3.05 (and the correlative provisions and definitions) of the License Agreement with respect to Zevalin Product in the United States, with the parties hereto stipulating that such royalty shall be calculated as no less than the royalty BIIB would owe if (i) BIIB were the selling party and (ii) such royalty was being assessed on sales of Finished Product (as defined in the License Agreement) to end users (and not, for example and without limitation, on the transfer cost between the parties hereto as contemplated by the Supply Agreement); provided, however, that (i) if Genentech does not accept the direct performance of this obligation by CTI, or if BIIB otherwise directs CTI in BIIB's discretion, CTI shall pay to BIIB, on or before the fifth (5th) business day of each month, the royalty pursuant to this Section 2.2(b) with respect to Zevalin Product activity in the United States in the immediately preceding month and (ii) CTI shall not be entitled to any credit against its royalty obligations for any amount paid or payable to BIIB (whether under any Transaction Document or otherwise).

(c) Royalty Reports. The obligation to deliver to Genentech (with a copy to BIIB), as and no later than when required by the License Agreement, a royalty report meeting the requirements of Section 4.02 (and the correlative provisions and definitions) of the License Agreement with respect to Zevalin Product in the United States; provided, however, that if Genentech does not accept the direct performance of this obligation by CTI, or if BIIB otherwise directs CTI in BIIB's discretion, CTI shall deliver to BIIB, on or before the first (1st) business day of each month, a royalty report meeting the requirements of Section 4.02 (and the correlative provisions and definitions) of the License Agreement with respect to Zevalin Product activity in the United States in the immediately preceding month.

(d) Records and Audit. The obligation to maintain records with respect to Zevalin Product in the United States, and permit examination of such records by BIIB and Genentech (if requested by BIIB or Genentech) and their respective appointed accountants, consistent with the requirements of Section 4.01 (and the correlative provisions and definitions) of the License Agreement; provided, however, that, in addition, CTI shall (i) pay (to Genentech or BIIB, as applicable) any deficiency discovered with respect to any payments immediately; (ii) pay interest on any such deficiency at the prime rate; (iii) reimburse BIIB for its costs and expenses of conducting one (1) audit during each twelve (12) month period; and (iv) reimburse BIIB and Genentech for the costs and expenses of conducting any audit, at any time, if such audit reveals that any payment was underpaid for any period by at least five percent (5%).

(e) Indemnification. The obligation, as and no later than when required by the License Agreement, to defend, indemnify and hold Genentech harmless pursuant to Section 5.01 (and the correlative provisions and definitions) of the License Agreement against any and all liability, damage, loss, cost or expense resulting from any claim, suit or other action arising out of or based on the manufacture, use or sale of Zevalin Product in the United States (except with respect to the BIIB Activities); provided, however, that if Genentech does not accept the direct performance of this obligation by CTI, or if BIIB otherwise directs CTI in BIIB's discretion, CTI shall reimburse BIIB, immediately upon receipt of any invoice or request of BIIB, with respect to any performance by BIIB to so defend, indemnify or hold Genentech harmless.

(f) Other Obligations. Any other obligations under the License Agreement, as and no later than when required by the License Agreement, to the extent that any such obligations relate to the development, manufacture, use or sale of Zevalin Product in the United States (except with respect to BIIB Activities); provided, however, that if Genentech does not accept the direct performance of any such obligations by CTI, or if BIIB otherwise directs CTI in BIIB's discretion, CTI shall make or tender any payments, deliveries or performance at issue to BIIB at least five (5) business days prior to the time such payments, deliveries or performance would otherwise be required under the License Agreement.

Section 2.3 Directed Performance; Payments; Status Reports; No Obligation. Notwithstanding any provision herein to the contrary: (a) at BIIB's election (in its sole discretion), BIIB may direct CTI to (and CTI shall thereupon) make, tender or perform any or all of the Pass-Through Obligations directly to or for Genentech or BIIB; (b) payments to BIIB or Genentech, as applicable, shall be made by wire transfer to such bank accounts as BIIB (or, as applicable, Genentech) may from time to time designate in writing, without set-off and free and clear of and without any deduction or withholding for or on account of any taxes, duties, levies, imposts, fees or charges; (c) upon BIIB's request, CTI shall immediately inform BIIB as to the status and nature of CTI's performance of the Pass-Through Obligations; and (d) BIIB shall have no obligation to CTI (whether under any of the Transaction Documents or otherwise) to maintain the License Agreement or abstain from any amendments or modifications of, or waivers under, the License Agreement.

Section 2.4 Reimbursement; Expectation; Performance. CTI shall reimburse BIIB, immediately upon receipt of any invoice or request of BIIB, for any and all obligations, liabilities, damages, losses, costs or expenses incurred by BIIB with respect to, in connection with, or arising from, the License Agreement relative to the development, manufacture, use or sale of Zevalin Product in the United States (except with respect to the BIIB Activities). For the avoidance of doubt, the expectation and intent of the parties hereto is that, pursuant to this Article II, CTI shall pay all royalties, provide all royalty reports and otherwise perform all obligations of the licensed party under the License Agreement with respect to any Zevalin Product ultimately sold to, or used by, end-users in the United States on or after the Closing Date. CTI shall fully and timely perform any and all of the Pass-Through Obligations, and BIIB shall have no obligation whatsoever to perform any of the Pass-Through Obligations on CTI's behalf. Without limiting the foregoing, CTI shall immediately reimburse BIIB for any and all Losses incurred or arising out of BIIB's performance of any of the Pass-Through Obligations.

Section 2.5 No Sublicenses.

(a) Affiliates and Third Party Contractors. The sublicense granted pursuant to Section 2.1 shall not be further sublicenseable or sublicensed; provided, however, that CTI may sublicense its Affiliates (defined, for this purpose, as set forth in the License Agreement), which shall be subject to this Agreement as applied to CTI and for which CTI shall remain jointly and severally responsible for all obligations, and contract with any Person to have such Person perform activities to facilitate the development and commercialization of Zevalin Product on behalf of CTI, including to manufacture, finish, fill and/or ship Zevalin Product for CTI (each a **"Third Party Contractor"),** so long as CTI notifies Genentech and BIIB no later than each anniversary of the Effective Date of each such Third Party Contractor for which CTI has entered into a contract during the previous 12-month period (including in such notice the name and address of, and the activities performed by, such Third Party Contractor). Such Third Party Contractor shall only have the right to perform such activities on behalf of CTI, shall have no right under the sublicense granted hereunder to use Zevalin Product in any other way, and shall have no right to sell, offer for sale, import or export Zevalin Product, except on behalf of CTI.

(b) BIIB as a Third Party Contractor. Without limiting BIIB's rights under the License Agreement, CTI acknowledges and agrees that, for purposes of this Agreement, BIIB will be performing its obligations under the Supply Agreement as a Third Party Contractor and BIIB shall have no liability to Genentech in connection therewith (including with respect to any obligation to pay any royalties or provide any royalty reports with respect to any Zevalin Product ultimately sold to, or used by, end-users in the United States on or after the Closing Date).

Section 2.6 CTI Challenge to Licensed Patents Obligations.

(a) CTI acknowledges and agrees that it is entering into this Agreement in lieu of enforcing its statutory rights, defenses and remedies under relevant laws, including under 35 USC 271 and 285 (collectively, the **"Statutory Patent Rights").** By entering into this Agreement, CTI waives (on its own behalf and on behalf of any of its Affiliates) any and all Statutory Patent Rights in favor of proceeding under the terms of this Agreement. CTI further acknowledges that each and every term in this Agreement, including but not limited to the fees, milestones and royalties set forth herein, reflects the value of avoiding the risk of loss associated with litigating the Statutory Patent Rights and the risk of being subject to certain statutory rights, defenses and/or remedies.

(b) CTI acknowledges and agrees that, notwithstanding any provision herein to the contrary: (i) this Agreement shall be, and is deemed, terminated automatically and without any action or notice by BIIB (unless BIIB, in its sole discretion, elects to reinstate this Agreement with retroactive effect) in the event CTI or any of its Affiliates forms an intent to challenge (or challenges or threatens to challenge), directly or indirectly, the validity, scope, patentability or enforceability of any claim within the Licensed Patents in a court or patent office or other governmental agency; (ii) in the event of any such termination, any royalties or other payments owed by CTI prior to such termination shall be non-refundable; (iii) in the event CTI or any of its Affiliates files an action seeking a declaration of patent invalidity and/or unenforceability with respect to any of the Licensed Patents, CTI shall bear all of the fees, costs and expenses of Genentech and BIIB associated with litigating such action, including the fees, costs and expenses associated with any appeals; and (iv) in the event CTI or any of its Affiliates files, directly or indirectly, to challenge the validity, scope, patentability or enforceability of any claim within the Licensed Patents in a court or patent office or other governmental agency, then on the date of such filing and thereafter: (A) CTI shall pay, during the Term, a modified royalty rate under Section 2.2(b) above calculated by multiplying the applicable royalty rate by the value [***]; and (B) CTI shall reimburse BIIB, immediately upon receipt of any invoice or request of BIIB, for the amount of any additional royalties payable by BIIB (determined by BIIB in its sole discretion) pursuant to the License Agreement (including for products other than Zevalin Product) as the result of such challenge by CTI or any of its Affiliates; with CTI hereby acknowledging that such modified royalties reflect additional consideration to Genentech for the decision by CTI or any of its Affiliates to exercise any Statutory Patent Rights notwithstanding this Agreement.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 BIIB. BIIB represents and warrants to CTI, as of the Effective Date, as follows:

(a) BIIB has the power and authority to execute, deliver and perform this Agreement, and this Agreement is a valid and binding obligation of BIIB, enforceable in accordance with its terms; and

(b) BIIB has the right to grant the sublicenses to the Licensed Patents that are the subject of this Agreement.

Section 3.2 No Implied Warranties. EXCEPT AS EXPRESSLY SET FORTH ABOVE IN SECTION 3.1 AND IN ARTICLE V OF THE ASSET PURCHASE AGREEMENT, BIIB MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, VALIDITY, ENFORCEABILITY OR NON-INFRINGEMENT REGARDING OR WITH RESPECT TO THE LICENSED PATENTS.

ARTICLE IV
TERM AND TERMINATION

Section 4.1 Term. This Agreement shall commence on the Effective Date and shall continue until the expiration or termination of the License Agreement, unless earlier terminated in accordance with Sections 2.6(b) or 4.2 (the "Term").

Section 4.2 Termination.

(a) The parties shall each have the right to terminate this Agreement with immediate effect upon written notice to other party upon the occurrence of any of the following:

(i) the other party files a petition in bankruptcy, or enters into an agreement with its creditors, or applies for or consents to the appointment of a receiver or trustee, or makes an assignment for the benefit of creditors, or becomes subject to involuntary proceedings under any bankruptcy or insolvency law; or

(ii) the other party fails to cure any material noncompliance with any of the terms and conditions hereof within the time period specified in any written notice (which shall be at least [***] days) delivered to such non-compliant or breaching party.

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(b) BIIB shall have the additional right to terminate this Agreement with immediate effect: (i) upon written notice to CTI if CTI fails to cure any material noncompliance with any of the terms and conditions of any of the Transaction Documents within the time period specified in any written notice (which shall be at least [***] days) delivered to CTI; provided, however, that the foregoing shall not apply to any such non-compliance relating solely to a good faith payment dispute so long as such dispute remains unsettled and any amounts not in dispute have been timely paid; and (ii) upon written notice to CTI if BIIB has received written notice from Genentech that, based upon any action or omission of CTI or for which CTI is directly or indirectly responsible as contemplated hereby, Genentech intends to terminate the License Agreement for breach and CTI has not cured such breach within [***] days of BIIB's written notice.

Section 4.3 Effect of Termination. If this Agreement expires pursuant to Section 4.1 or is terminated pursuant to Sections 2.6(b) or 4.2, any such expiration or termination shall not operate to discharge any liability (i) that had been incurred by any party prior thereto or (ii) of CTI with respect to a Pass-Through Obligation that would survive any termination or expiration of the License Agreement. In addition, if this Agreement is terminated pursuant to Sections 2.6(b) or 4.2, CTI agrees that: (a) BIIB may immediately cease its performance of any or all of its obligation under the Transaction Documents (including the Supply Agreement); and (b) CTI shall, upon the request of BIIB, immediately cease those activities with respect to Zevalin Product as indicated by BIIB (including, as applicable, any development, manufacture, sale or other commercialization of Zevalin Product, whether or not contemplated by this Agreement or any of the other Transaction Documents) without affecting the obligations of CTI under any of the Transaction Documents.

Section 4.4 Survival. Sections 2.2(d), 2.2(e), 2.2(f), 2.3, 2.4, 2.5(b), 2.6, 3.2 and 4.3 and Articles V and VI shall survive any expiration or termination of this Agreement.

ARTICLE V
INDEMNIFICATION

The provisions of Article XII (Indemnification) of the Asset Purchase Agreement are incorporated herein, *mutatis mutandis*, by reference and shall be effective as if fully set forth herein; provided, however, that CTI shall also indemnity the Seller Indemnified Parties against, and agrees to hold them harmless from, any Loss owed to or asserted by (or arising from or in connection with an assertion of) Genentech to the extent arising from or in connection with any action or omission of CTI or for which CTI is directly or indirectly responsible as contemplated hereby. In furtherance of the foregoing, consistent with Section 12.2 of the Asset Purchase Agreement, each of CTI and BIIB acknowledges and agrees that the other party shall be entitled to seek temporary or permanent injunctive relief or specific performance in order to enforce its rights under this Agreement.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

ARTICLE VI
GENERAL PROVISIONS

Section 6.1 Notices. All notices, requests and other communications hereunder shall be in writing and shall be sent, delivered or mailed, addressed as follows:

(a) if to CTI:

Cell Therapeutics, Inc.
501 Elliott Avenue Suite 400
Seattle, WA 98119
Telephone: (206) 284-5774
Facsimile: (206) 284-6114
Attn: James A. Bianco, M.D.

with a copy to:

Heller Ehrman LLP
333 Bush Street
San Francisco, CA 94104
Telephone: (415) 772-6000
Facsimile: (415) 772-6268
Attn: Karen A. Dempsey

(b) if to BIIB:

Biogen Idec Inc.
14 Cambridge Place
Cambridge, MA 02142
Telephone: (617) 679-2000
Facsimile: (617) 679-2838
Attn: General Counsel

with a copy to:

Pillsbury Winthrop Shaw Pittman LLP
12255 El Camino Real, Suite 300
San Diego, CA 92130
Telephone: (858) 509-4000
Facsimile: (858) 509-4010
Attn: Mike Hird

Each such notice, request or other communication shall be given by: (i) hand delivery; (ii) by certified mail; or (iii) nationally recognized courier service. Each such notice, request or communication shall be effective when delivered at the address specified in this Section 6.1 (or in accordance with the latest unrevoked direction from the receiving party).

Section 6.2 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 6.3 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Governmental Rule or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 6.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered by each party to both of the other parties, it being understood that all parties need not sign the same counterpart.

Section 6.5 Entire Agreement; No Third Party Beneficiaries. This Agreement (together with the schedules and exhibits attached hereto) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between or among the parties with respect to the subject matter hereof. Except as provided herein (including with respect to Genentech), this Agreement is not intended to confer upon any Person other than the parties any rights or remedies hereunder.

Section 6.6 Governing Law. This Agreement will be deemed to have been made in the State of California and its form, execution, validity, construction and effect will be determined in accordance with the laws of the State of California, without giving effect to the principles of conflicts of law thereof.

Section 6.7 Relationship of the Parties. Nothing in this Agreement is intended or shall be deemed to constitute a partnership, agency, employer-employee, fiduciary or joint venture relationship between the parties hereto.

Section 6.8 Further Acts and Instruments. Each of the parties hereto agrees to execute, acknowledge and deliver such further instruments and to do all such other acts as may be necessary or appropriate to effect the purpose and intent of this Agreement.

Section 6.9 Waivers. The waiver by either party hereto of a default or a breach of any provision of this Agreement by the other party will not operate or be construed to operate as a waiver of any subsequent default or breach. The continued performance by either party hereto with knowledge of the existence of a default or breach will not operate or be construed to operate as a waiver of any default or breach. Any waiver by a party hereto of a particular provision or right shall be effective only: (i) if in a writing signed by each party; (ii) with respect to those particular matters expressly indicated in such writing; and (iii) for such particular period of time (if any) indicated in such writing.

Section 6.10 WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY OR THE TRANSACTIONS CONTEMPLATED HEREBY AND FOR ANY COUNTERCLAIM THEREIN.

Section 6.11 Assignment. No party may assign its rights or obligations under this Agreement without the prior written consent of the other party; provided, however, that, so long as any such assign agrees in writing to be bound by this Agreement, BIIB may assign any or all of its rights and obligations under this Agreement without the prior written consent of CTI. No assignment shall relieve any party of its responsibility for the performance of any obligation under this Agreement. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective representatives thereunto duly authorized, all as of the Effective Date.

BIOGEN IDEC INC.

By: /s/ Faheem Hasnain
Name:
Title:

CELL THERAPEUTICS, INC.

By: /s/ James A. Bianco
Name:
Title:

EXHIBIT A

License Agreement

[attached]

AMENDED AND RESTATED
NON-EXCLUSIVE LICENSE AGREEMENT

This Amended and Restated Non-Exclusive License Agreement, dated December 20, 2007 (this "Amended Agreement") is between Genentech, Inc., a Delaware corporation having a principal place of business at 1 DNA Way, South San Francisco, California 94080 (hereinafter "Genentech") and Biogen Idec Inc., a Delaware corporation (fka "IDEC Pharmaceuticals Corporation") having a place of business at 14 Cambridge Place, Cambridge, Massachusetts 02142 (hereinafter "Licensee").

WHEREAS:

A. Genentech is the owner of certain patents and patent applications (patent rights) relating to methods and compositions in the field of immunoglobulins.

B. Genentech does not wish to have these patent rights hinder the development of immunoglobulin products and is willing to grant (and continue) licenses for the development of products for public use and benefit as specified in this Amended Agreement.

C. Licensee desires to continue its license under the terms and conditions specified herein.

D. Genentech and Licensee have entered into that license agreement dated December 7, 1993 (the "Original Agreement"), as amended April 24, 1995, and now wish to amend and restate the Original Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

Article I

DEFINITIONS

Unless otherwise specifically set forth herein, the following terms shall have the following meanings:

1.01. "Affiliate" of a party shall mean any entity that controls, is controlled by or is under common control with such party; and "control" for purposes of this definition shall mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting stock, by contract or otherwise. In the case of a corporation, "control" shall mean the direct or indirect ownership of fifty percent (50%) or more of the outstanding voting stock together with a controlling membership on the board of directors of such corporation.

1.02. “Antigen” as used in this Amended Agreement shall mean a substance listed in Schedule A attached hereto and made a part of this Amended Agreement. Schedule A may be amended from time to time by mutual agreement of the Parties in writing, at which time the financial terms pertaining to the newly added Antigen(s) may also be modified.

1.03. “Bulk Product” shall mean Licensed Product supplied in a form other than Finished Product, which can be converted into Finished Product.

1.04. “Collaboration Agreement” shall mean that Amended and Restated Collaboration Agreement effective June 19, 2003 between the Parties under which they collaborate in the development and commercialization of one or more products based upon the interaction of such products with CD20.

1.05. “Collaboration Licensed Products” shall mean Franchise Products (including C2B8) as set forth in definition 32 of the Master Definitions Agreement.

1.06. “Cost of Product” shall mean the cost of acquisition, if purchased, or the cost of manufacture, the latter being the sum of direct production costs and manufacturing overhead costs determined in accordance with generally accepted accounting principles.

1.07. “Designee” shall mean a person or entity designated by a Party to exercise the rights of and perform obligations hereunder in place of and to the exclusion of that Party in the Territory or a portion thereof. With respect to Zevalin Product only, Designee shall mean a recipient of a sublicense from Licensee to (and an assignee with respect to obligations in respect of) only a portion of Licensee’s rights and obligations in the Territory.

1.08. “Effective Date” shall mean to each Antigen, or Licensed Product based thereon, the later of the date of the Original Agreement (i.e., December 7, 1993) or the date on which such Antigen was added to Schedule A (to the Original Agreement or to this Amended Agreement) by amendment.

1.09. “Field” shall mean the manufacture, use or sale of Licensed Product for the prevention or therapy of human diseases.

1.10. “Finished Product” shall mean any and all Licensed Products in form for use by an end user and not intended for further chemical or genetic manipulation or transformation.

1.11. “Licensed Patents” shall mean:

(a) U.S. Patent No. [***] and the claims relating to [***] found in patents or patent applications arising from divisionals, continuations or continuations-in-part of any application from which U.S. Patent No. [***]claims priority (excluding U.S.S.N.

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[***] and foreign counterparts thereof) as well as the foreign counterparts of the foregoing and any and all reissues, reexaminations or extensions of the foregoing ("[***] Patents"); and

(b) any patent issuing based on U.S.S.N. [***] (a continuation of the application maturing into U.S. Patent No.[***]) relating to the [***], as well as the divisionals, continuations or continuations-in-part of such U.S.S.N. [***] the issued foreign counterparts of such U.S.S.N. [***] and any and all reissues, reexaminations or extensions of the foregoing ("Coexpression Patents"). Attached hereto as Schedule B is a list of patents and patent applications that Genentech in good faith believes represents Licensed Patents as of the end of November 1993. However, no warranty is given as to the completeness or accuracy of Schedule B or any update thereof that might subsequently be provided to licensee.

1.12. "Licensed Product(s)" shall mean substances capable of binding to an Antigen listed in Schedule A hereto, the manufacture, use or sale of which substances would, if not licensed under this Amended Agreement, infringe one or more claims of either or both of [***] Patents or Coexpression Patents, which have neither expired nor been held invalid by a court or other body of competent jurisdiction from which no appeal has been or may be taken.

1.13. "Master Definitions Agreement" shall mean the composite list of defined terms applicable to the Collaboration Agreement.

1.14. "Net Sales" shall mean the [***] invoice or contract price to third party customers for Finished Products. Finished Products used or consumed by Licensee, Licensee's Affiliates, Designees or Designee Affiliates as part of the delivery of services to customers shall be considered Net Sales at the [***] invoice or contract price of like Finished Products which are sold to customers. If Licensed Product is sold in combination with one or more active ingredients, Net Sales shall be calculated by multiplying Net Sales of the combination product by the fraction A/(A+B) where A is the sales price of the Finished Product in the combination when sold separately and B is the total sales price of all other active ingredients in the combination when sold separately. If the Finished Product and the other active ingredients are not sold separately, the percentage of the total cost of the combination product attributed to Cost of Product shall be multiplied times the sales price of the combination product to arrive at Net Sales. For all Licensed Product used or consumed by others than Licensee, Licensee's Affiliates, Designees or Designee Affiliates, Licensee shall be entitled to deduct [***]from the Net Sales in lieu of all other deductions such as taxes, shipping charges, allowances and the like prior to calculating royalties due.

Net Sales for Bulk Products shall be calculated by [***] the gross invoice or contract price of Bulk Products sold to non-affiliated customers.

The method of calculating Net Sales of materials in form other than Finished Product or Bulk Product that can be converted into Finished Product shall be established by the Parties prior to the first sale or transfer of any such material by Licensee, Licensee's Affiliates, Designees or Designee Affiliates to a non-affiliated third party.

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1.15. "Party" shall mean Genentech or Licensee and when used in the plural shall mean Genentech and Licensee.

1.16. "Territory" shall mean the entire world.

1.17. "Zevalin Product" shall mean the pharmaceutical product as of the date of this Amended Agreement that is marketed and sold as ZEVALIN® (Ibritumomab Tiuxetan), consisting of Indium-111 Ibritumomab Tiuxetan and Yttrium-90 Ibritumomab Tiuxetan.

Article II

GRANT

2.01. License. Subject to the fulfillment by Licensee of all the terms and conditions of this Amended Agreement, Genentech hereby grants to Licensee and Licensee hereby accepts a non-exclusive license, together with the right to sublicense its Affiliates and, only as provided in Section 2.02 and Section 2.06, its Designees under Licensed Patents for the term thereof to make, use and sell Licensed Products in the Field and the Territory. Genentech shall be free at its discretion to enter into agreements with additional licensees at any time and on terms solely of its choosing.

2.02. Right to Appoint Designee. Licensee shall have the right to sublicense all of its rights hereunder, pursuant to this Section 2.02, for all or part of the Territory (including on a country-by-country basis) to a Designee of its choosing, to the exclusion of Licensee in such Territory or portion thereof, provided that Licensee agrees that it will indemnify Genentech for any failure of performance on the part of such Designee. An entity that simply acts to co promote or to co-market Licensed Product supplied by Licensee shall not be considered a Designee and Licensee may co-promote or co-market such Licensed Product with such entity in a given country or countries, provided that (i) both Licensee and such entity obtain Licensed Products from the same manufacturing source, (ii) only one such entity shall be permitted to copromote or co-market the same Licensed Product in a given country, and (iii) Licensee shall be responsible for the payment of royalties on Net Sales of Licensed Products by such entity and for all other acts of such entity as if such acts were those of the Licensee.

2.03. No Other License. Licensee understands and agrees that no license under any patent or application other than Licensed Patents is or shall be deemed to have been granted under this Amended Agreement, either expressly or by implication.

2.04. Cross License. Licensee hereby grants to Genentech a nonexclusive license to make, use and sell Licensed Products within the Field and Territory under any patents granted or based upon patent applications of Licensee which were pending as of the Effective Date (as to each Antigen) which Licensee owns or controls with the power to grant a nonexclusive license to Genentech and which would otherwise block the ability of Genentech or its Designee to make, use or sell Licensed Products within the Field and Territory. After the date of this Amended Agreement, Licensee shall not grant to any third party without the prior written consent of Genentech an exclusive license relating to the manufacture, use or sale of Licensed Products except with the reservation of Licensee's right to grant to Genentech the license contemplated under this Section 2.04. Licensee does not grant to Genentech a license under Licensee's confidential knowhow relating to Licensed Products, nor is Licensee obliged to disclose such knowhow to Genentech. Any license granted under this Section 2.04 shall survive termination of this Amended Agreement for any reason except termination for breach by Genentech.

2.05. Licenses Separately Available. Licensee acknowledges that separate licenses under Chimera Patents and Coexpression Patents were available from Genentech upon request prior to entering into the Original Agreement, but that for reasons of convenience the licenses have been combined in this Amended Agreement Licensee further acknowledges that it was not coerced to enter into a license under either one of Chimera or Coexpression Patents as a condition to obtaining a license under the other, and that the licenses hereunder were not offered as a mandatory package.

2.06. Right to Grant Sublicense for Zevalin Product.

(a) In addition to the rights and obligations provided in Section 2.02, Licensee shall have the right, pursuant to this Section 2.06, to sublicense all or part of its rights hereunder to make, use, and sell Zevalin Product for all or part of the Territory to a Designee, provided that Licensee shall always be responsible for (i) the payment of royalties on Net Sales of Zevalin Product by such Designee (or Designee Afftliate) required hereunder, to the extent that such Designee (or Designee Affiliate) fails to pay such royalties, and for (ii) all other obligations of such Designee (or Designee Affiliate) under this Amended Agreement with respect to the Zevalin Product, as if such obligations were those of Licensee.

(b) A sublicense granted under this Section 2.06 in respect of Zevalin Product shall not be further sublicenseable or sublicensed; provided however, that such Designee shall be permitted to sublicense to such Designee's Affiliates (each a "Designee Affiliate"), and to contract with any party to have such party perform activities to facilitate the development and commercialization of Zevalin Product on behalf of such Designee, including without limitation to manufacture, finish, fill and/or ship Zevalin Product for such Designee (hereinafter a "Third Party Contractor"). Any Designee Affiliate shall be subject to the terms of any sublicense granted pursuant to this Section 2.06 and such Designee (and Licensee) shall remain jointly and severally responsible for all obligations to Genentech under such sublicense. Such Third Party Contractor shall only have the right to perform such activities on behalf of such Designee, shall have no right under the license granted hereunder to use Zevalin Product in any other way and shall have no right to sell, offer for sale, import or export Zevalin Product, except to or on behalf of such Designee.

(c) Furthermore, any sublicense pursuant to this Section 2.06 shall provide that such Designee is bound to at least the same limitations and restrictions as the limitations and restrictions of this Amended Agreement on Licensee, including, without limitation, the provisions of Section 7.06, and the grant to Licensee of audit rights similar to Genentech's audit rights under Section 4.01 of this Amended Agreement, for which Licensee shall obtain the consent of any such Designee for Genentech to enforce such audit rights to the full force and effect of Licensee's rights under any sublicense pursuant to this Section 2.06. Licensee shall notify Genentech in writing promptly after the grant of a sublicense pursuant to Section this 2.06 to any Designee (including in such notice the name and address of the Designee). No later than each anniversary of the date of this Amended Agreement, Licensee or Designee shall notify Genentech of any contract that Designee has entered into during the previous 12-month period with a Third Party Contractor pursuant to this Section 2.06, including the name and address of the Third Party Contractor, and identifying the activities performed by such Third Party Contractor.

(d) Genentech may, in its sole discretion and upon written consent, agree to accept payment or performance of any obligations directly from a Designee (or Designee Affiliate) sublicensed pursuant to this Section 2.06.

Article III

FEES AND ROYALTIES

3.01. License Grant Fee. Within thirty (30) days after amendment of Schedule A to add an Antigen thereto, Licensee shall pay to Genentech a non-creditable, non-refundable license grant fee of $[***] per Antigen.

3.02. Minimum Annual Royalties. Licensee shall pay to Genentech a minimum annual royalty for each Antigen on or before January 31 of each year beginning with the third full calendar year after the Effective Date for such Antigen in accordance with the following table:

Full Calendar Year	Minimum Annual Royalty
3	$ [***]
4	$ [***]
5	$ [***]
6 and each subsequent year	$ [***]

Such payments shall be non-refundable but shall be creditable against earned royalties as provided in Section 3.05. Licensee shall be fully responsible for payment of fees pursuant to this Section 3.02, which payments shall be made by Licensee alone, or in respect of Zevalin Product only, collectively by Licensee and/or by any Designee pursuant to Section 2.06 that pays directly to Genentech.

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3.03. Earned Royalties.

(a) For Licensed Product falling within the scope of Chimera Patents, Licensee shall pay to Genentech a royalty of [***] percent ([***]%) on Net Sales of such Licensed Product sold by Licensee and its sublicensees. Licensee shall be fully responsible for payment of royalties pursuant to this Section 3.03(a), which payments shall be made by Licensee alone, or in respect of Zevalin Product only, collectively by Licensee and/or by any Designee pursuant to Section 2.06 that pays directly to Genentech.

(b) For Licensed Product falling within the scope of Coexpression Patents, Licensee shall pay to Genentech a royalty of [***] percent ([***]%) on Net Sales of such Licensed Product sold by Licensee and its sublicensees. Licensee shall be fully responsible for payment of royalties pursuant to this Section 3.03(b), which payments shall be made by Licensee alone, or in respect of Zevalin Product only, collectively by Licensee and/or by any Designee pursuant to Section 2.06 that pays directly to Genentech.

(c) The royalties under this Article are cumulative. For example, for Sales of Licensed Product falling within the scope of both Chimera Patents and Coexpression Patents in a given country, the royalty rate shall be a total of [***] percent ([***]%).

3.04. Sales To and Between Sublicensees. No royalties shall be due upon sales of Licensed Products to and between Licensee, its Affiliates, its sublicensees, co-promoting parties or co-marketing parties as permitted under Section 2.02 or Section 2.06 for further sale; provided, however, that the royalty hereunder shall be payable upon the final sale by any of the foregoing to a non-affiliated vendee.

3.05. Credit Against Royalties.

(a) Licensee shall be entitled to reduce each earned royalty payment due under Section 3.03 for a given Antigen by up to [***] percent ([***]%) by applying as a one-time credit (a "3.05(a) Credit") against such royalty (i) the minimum annual royalty paid for such Antigen for the calendar year for which earned royalties are then due and (ii) an amount equal to the cumulative payments previously made under Section 3.02 for the [***] ([***]) years immediately preceding the calendar year in which Licensee makes its first bona fide commercial sale in the United States, Japan or a country of the European Community of a particular Licensed Product for so long as is necessary to amortize such cumulative payments. Credits earned for one Antigen are not applicable to royalties due for other Antigens. In respect of Zevalin Product, either Licensee or any Designee pursuant to Section 2.06 paying directly to Genentech, but not both Licensee and such Designee, shall be entitled to the same 3.05(a) Credit.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

(b) Licensee may apply as a credit against royalties owed to Genentech for any Licensed Product pursuant to Section 3.03(a) up to [***] of royalties actually paid during the relevant quarter to any third party for the same Licensed Product pursuant to a license agreement for the third party's patent rights covering such License Product, including royalties paid to the Medical Research Council with respect to valid and enforceable claims of United Kingdom Patent No. [***] or foreign counterparts thereof (a "3.05(b) Credit"). In respect of Zevalin Product, either Licensee or any Designee pursuant to Section 2.06 paying directly to Genentech, but not both Licensee and such Designee, shall be entitled to the same 3.05(b) Credit.

(c) Licensee may apply as a credit against royalties owed to Genentech for any Licensed Product pursuant to Section 3.03(b) royalties actually paid to Celltech during the relevant quarter for the same Licensed Product if a license under Celltech patents is required in order to lawfully make and sell such Licensed Product (a "3.05(c) Credit"). In respect of Zevalin Product, either Licensee or any Designee pursuant to Section 2.06 paying directly to Genentech, but not both Licensee and such Designee, shall be entitled to the same 3.05(c) Credit.

(d) In no event shall the credits taken pursuant to subparagraphs (a), (b) and (c) of this Section 3.05 taken in the aggregate exceed [***] percent ([***]%) of the royalties owed to Genentech for any reporting quarter.

(e) In no event shall a Designee be entitled to apply as a credit against royalties owed to Genentech for Licensed Product pursuant to Article III of this Amended Agreement royalties or other consideration of any kind paid or payable to Licensee pursuant to Section 2.02 or Section 2.06.

3.06. No Non-Monetary Consideration. Without the prior written consent of Genentech, Licensee and its Affiliates and Designees shall not solicit or accept any consideration for the sale of any Licensed Product other than as will be accurately reflected in Net Sales.

3.07. Reserved.

3.08. Licensee Royalties. For the exercise of the license granted under Section 2.04 Genentech shall pay Licensee a commercially reasonable royalty to be negotiated in good faith between Genentech and Licensee, but in no event shall the royalty rate payable to Genentech exceed that applicable to Licensee hereunder. In respect of Zevalin Product, at Licensee's sole discretion and upon written consent, Genentech shall pay such commercially reasonable royalty, if any, to a Designee sublicensed pursuant to Section 2.06.

3.09. Partial Waiver of Royalties. Genentech shall waive receipt of royalties that would otherwise be owed by Licensee under this Amended Agreement upon sales of Collaboration Licensed Products in the Co-Promotion Territory as to which sales profits are then being shared by the Parties. Such waiver shall not apply to (i) sales made by Licensee, its agents or its sublicensees outside the Co-Promotion Territory, (ii) sales, if any, as to which profits are not being shared by the Parties or (iii) sales made after termination, for any reason, of the Collaboration Agreement or applicable provisions thereof. Royalties owed by Genentech to third parties in respect of development, manufacture, use or sale of Collaboration Licensed Products in the Co-Promotion Territory shall be dealt with as provided in the Collaboration Agreement.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

Article IV

RECORDS, REPORTS AND PAYMENTS

4.01. Records Retention. Licensee shall keep and shall cause its sublicensees to keep records of the sales of all Licensed Products in sufficient detail to permit Genentech to confirm the accuracy of Licensee's royalty calculations. At Genentech's request and expense, Licensee shall permit an independent certified public accountant appointed by Genentech and acceptable to Licensee to examine, upon reasonable notice and at reasonable times, such records solely to the extent necessary to verify Licensee's calculations. Such examination shall be limited to a period of time no more than three (3) years immediately preceding the request for examination. If Licensee's royalties are found to be in error such that royalties to Genentech were underpaid by more than five (5) percent then Licensee shall promptly pay any deficiency, plus interest at the prime rate, to Genentech and reimburse Genentech for its costs in examining such records.

4.02. Reports. Within sixty (60) calendar days after the end of each calendar quarter following Licensee's or its sublicensee's first sale of Licensed Product, Licensee shall furnish to Genentech a written report of all sales of Licensed Products subject to royalty under Section 3.03 during such calendar quarter. Such report shall include (i) the determination of Net Sales as specified in Section 1.11; (ii) detailed itemization of the credits taken pursuant to Section 3.05; and (iii) the royalty payment then due.

4.03. Payments. Concurrently with each report pursuant to Section 4.02, Licensee shall make the royalty payment then due. Payments shall be in United States dollars and, unless otherwise agreed in writing, shall be made by wire transfer to such bank as Genentech may from time to time designate in writing, without set-off and free and clear of and without any deduction or withholding for or on account of any taxes, duties, levies, imposts, fees or charges except for withholding required by tax authorities for income taxes on royalties actually payable to Genentech after application of the credits permitted by Sections 3.05. Licensee shall make any withholding payments due on behalf of Genentech and shall promptly provide Genentech with official tax receipts or other written documentation sufficient to enable Genentech to satisfy the United States tax authorities with respect to Genentech's application for a foreign tax credit for such payment.

4.04. Currency Conversion. Royalties due on Net Sales of Licensed Products made in currency other than United States dollars shall first be calculated in the foreign currency and then converted to United States dollars on the basis of the rate of exchange in effect for purchase of dollars published in The Wall Street Journal on the last business day of the period for which royalties are due.

Article V

LIABILITY

5.01. Indemnification. Licensee shall defend, indemnify and hold Genentech harmless against any and all liability, damage, loss, cost or expense resulting from any claim, suit or other action arising out of or based on the manufacture, use or sale of any Licensed Product by Licensee, it sublicensees or co-promoting or co-marketing entities pursuant to Section 2.02 and Section 2.06; provided, however, that upon the filing of any such claim or suit, Genentech shall promptly notify Licensee and permit Licensee, at Licensee's cost, to handle and control such claim or suit and shall cooperate in the defense thereof.

Article VI

PATENT INFRINGEMENT

6.01. Notification of Infringement. Licensee shall notify Genentech of any infringement by third parties of any patent within Licensed Patents of which Licensee is aware and shall provide Genentech with the available evidence, if any of such infringement.

6.02. Enforcement of Licensed Patents. Genentech shall retain the sole right, at its sole discretion and expense, to enforce Licensed Patents against third party infringers.

6.03. No Warranty of Non-Infringement. Nothing in this Amended Agreement shall be construed as a representation made or warranty given by Genentech that the practice by Licensee or its sublicensees of the license granted hereunder will not infringe the patent rights of any third party.

Article VII

TERM AND TERMINATION

7.01. Term. This Amended Agreement shall come into force as of the date hereof and shall continue in full force and effect on a country-by-country basis unless earlier terminated as provided herein or until the expiration of the last to expire of the Licensed Patents.

7.02. Termination for Breach. Genentech shall have the right to terminate this Amended Agreement and the licenses granted hereunder upon thirty (30) days' written notice to Licensee for Licensee's material breach of this Amended Agreement if Licensee has failed to cure such breach within thirty (30) days of notice thereof.

7.03. Insolvency. Either party may terminate this Amended Agreement if, at any time, the other Party shall file in any court pursuant to any statute of any individual state or country, a petition in bankruptcy, insolvency or for reorganization or for an agreement among creditors or for the appointment of a receiver or trustee of the Party or of its assets, or if the other Party proposes a written agreement of composition or extension of its debts, or if the other Party shall be served with an involuntary petition against it filed in any insolvency proceeding, and such petition shall not be dismissed within sixty (60) days after the filing thereof, or if the other Party shall propose or be a Party to any dissolution or liquidation, or if the other Party shall make an assignment for the benefit of creditors.

7.04. Termination by Licensee. Licensee may terminate this Amended Agreement in its entirety or with respect to one or more Antigens at any time upon six (6) months' written notice to Genentech.

7.05. Effect of Termination. Termination of this Amended Agreement in whole or in part for any reason shall not relieve Licensee of its obligations to pay all fees and royalties that shall have accrued hereunder prior to the effective date of termination. Termination of this Amended Agreement as to Licensee shall result in the termination of the licenses of Licensee and all sublicensees of Licensee. The provisions of Sections 2.04 and 3.08 shall survive termination of this Amended Agreement for any reason except termination for breach by Genentech.

7.06. Challenge to Licensed Patents

(a) The Parties acknowledge and agree that they are entering the Amended Agreement in lieu of enforcing their respective statutory rights, defenses and remedies under relevant laws, including without limitation under 35 USC 271 and 285 (collectively "the Statutory Patent Rights"). By entering the Amended Agreement each Party waives its Statutory Patent Rights in favor of proceeding under the terms of the Amended Agreement. Each Party further acknowledges that each and every term in the Amended Agreement, including but not limited to the fees, milestones and royalties set forth in Article III herein, reflects the value of avoiding the risk of loss associated with litigating the Statutory Patent Rights and the risk of being subject to certain statutory rights, defenses and/or remedies.

(b) The Parties acknowledge and agree that: (i) Genentech may terminate the Amended Agreement, at Genentech's sole and absolute discretion, in the event Licensee challenges, directly or indirectly, the validity, scope, patentability or enforceability of any claim within the Licensed Patents in a court or patent office or other governmental agency; and (ii) Genentech may require Licensee to, and Licensee shall, terminate any sublicense granted by Licensee hereunder, at Genentech's sole and absolute discretion, in the event the applicable sublicensee hereunder challenges, directly or indirectly, the validity, scope, patentability or enforceability of any claim within the Licensed Patents in a court or patent office or other governmental agency. In the event of any such termination pursuant to this Section 7.06(b), any royalty or other payment owed to Genentech prior to such termination shall be non-refundable.

(c) Further, in the event Licensee or a sublicensee hereunder files an action seeking a declaration of patent invalidity and/or unenforceability with respect to any Licensed Patent, then: (i) Licensee shall, with respect to any action filed by Licensee, bear all of Genentech's fees, costs and expenses associated with litigating such action, including the fees, costs and expenses associated with any appeals; and (ii) such sublicensee shall, with respect to any action filed by such sublicensee, be required to bear all of Genentech's fees, costs and expenses associated with litigating such action, including the fees, costs and expenses associated with any appeals.

(d) The Parties further agree that: (i) in the event Licensee or a sublicensee hereunder files, directly or indirectly, to challenge the validity, scope, patentability or enforceability of any claim within the Licensed Patents in a court or patent office or other governmental agency, then on the date of such filing and thereafter during the Term: (x) Licensee shall, in the event of any action filed by Licensee, pay a modified royalty rate with respect to Licensed Product sold by Licensee calculated by multiplying the royalty rate in Section 3.03 by the value [***] ([***]); and (y) such sublicensee shall, in the event of any action filed by such sublicensee, pay a modified royalty rate with respect to Licensed Product sold by such sublicensee calculated by multiplying the royalty rate in Section 3.03 by the value [***] ([***]); and (ii) such modified royalty rates reflect additional consideration to Genentech for Licensee's or sublicensee's decision, as applicable, to exercise Licensee's or sublicensee's Statutory Patent Rights notwithstanding the Amended Agreement.

Article VIII

MISCELLANEOUS PROVISIONS

8.01. Limitations on Assignments. Neither this Amended Agreement nor any interests hereunder shall be assignable by either Party without the written consent of the other; provided, however, that either Party may assign this Amended Agreement to any corporation or entity with which it may merge or consolidate, or to which it may transfer substantially all of its assets or all of its assets to which this Amended Agreement relates without obtaining the consent of the other Party.

8.02. Jurisdiction and Choice of Laws. This Amended Agreement shall be interpreted and construed under the laws of California, and Licensee agrees to submit to the jurisdiction of California.

8.03. Relationship of the Parties. Nothing in this Amended Agreement is intended or shall be deemed to constitute a partnership, agency, employer-employee, fiduciary, or joint venture relationship between the Parties.

8.04. Further Acts and Instruments. Each Party hereto agrees to execute, acknowledge and deliver such further instruments and to do all such other acts as may be necessary or appropriate to effect the purpose and intent of this Amended Agreement.

8.05. Entire Agreement. This Amended Agreement constitutes and contains the entire agreement of the Parties and supersedes any and all prior negotiations, correspondence, understandings and agreements between the Parties respecting the subject matter hereof; provided, however, that this Amended Agreement shall not be deemed to modify or supersede any of the provisions of the Collaboration Agreement in any respect. This Amended Agreement may be amended or modified or one or more provisions thereof waived only by a written instrument signed by the Parties.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

8.06. Severability. If in any jurisdiction any one or more of the provisions of this Amended Agreement should for any reason be held by any court or authority having jurisdiction over this Amended Agreement or any of the Parties hereto to be invalid, illegal or unenforceable, such provision or provisions shall be validly reformed to as nearly approximate the intent of the Parties as possible and if unreformable, the Parties shall meet to discuss what steps should be taken to remedy the situation; in other jurisdictions, this Amended Agreement shall not be affected.

8.07. Captions. The captions to this Amended Agreement are for convenience only and are to be of no force or effect in construing and interpreting the provisions of this Amended Agreement.

8.08. WARRANTIES. The Parties represent and warrant that they have the power to enter into this agreement. OTHERWISE, THE PARTIES EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, VALIDITY OF THE LICENSED PATENTS OR NON-INFRINGEMENT OF THE PATENTS OR OTHER RIGHTS OF ANY THIRD PARTY.

8.09. Notices. Any notice, request, approval or other document required or permitted to be given under this Amended Agreement shall be in writing and shall be deemed to have been sufficiently given when delivered in person, transmitted by telex, telecopier, telegraph, or deposited in the mail, postage prepaid, for mailing by first class, certified or registered mail, receipt requested, addressed as follows:

If to Licensee, addressed to:
Biogen Idec Inc.
14 Cambridge Place
Cambridge, MA 02142
Attn: General Counsel

If to Genentech, addressed to:
Genentech, Inc.
1 DNA Way
South San Francisco, CA 94080
Attn: Corporate Secretary

or to such other address or addresses as may be specified from time to time in a written notice.

8.10. Wire Transfer of Funds. Unless otherwise specified in writing, all payments by Licensee required hereunder shall be made by wire transfer at the direction of Genentech.

IN WITNESS WHEREOF, Genentech and Licensee have caused this Amended Agreement to be executed by their duly authorized representatives.

For BIOGEN IDEC INC.

By: /s/ Faheem Hasnain
Title: EVP

For GENENTECH, INC.

By: /s/ signature illegible
Title:

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT MARKED WITH [***] HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT, AS AMENDED.

SUBLICENSE AGREEMENT

THIS SUBLICENSE AGREEMENT (this "Agreement"), dated as of December 21, 2007 (the "Effective Date"), is made by and among CELL THERAPEUTICS, INC., a Washington corporation ("CTI"), BIOGEN IDEC INC., a Delaware corporation ("BIIB"), SMITHKLINE BEECHAM CORPORATION doing business as GLAXOSMITHKLINE, a Pennsylvania corporation ("SB"), and GLAXO GROUP LIMITED, an English corporation ("GGL") (SB and GGL are referred to together herein as "GSK").

WHEREAS, BIIB, SB and GGL are party to that certain Settlement and License Agreement, dated as of November 14, 2002, a complete copy of which is attached hereto as Exhibit A (the "License Agreement"), pursuant to which GSK grants, and BIIB accepts, certain licenses to the Licensed Patents (as defined in the License Agreement);

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of August 15, 2007, by and between CTI and BIIB (the "Asset Purchase Agreement"), CTI has purchased certain assets (the "Acquisition") from BIIB relating to the pharmaceutical product currently marketed and sold as ZEVALIN® (Ibritumomab Tiuxetan), consisting of Indium-111 lbritumomab Tiuxetan and Yttrium-90 lbritumomab Tiuxetan (the "Product");

WHEREAS, in connection with the Acquisition, BIIB desires to grant, and CTI desires to accept, certain sublicenses to the Licensed Patents, all upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, GSK desires to consent to such sublicenses to the Licensed Patents, upon the terms and subject to the conditions set forth in this Agreement, and to agree to certain arrangements in connection therewith.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, CTI, BIIB and GSK agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below:

"Acquisition" has the meaning set forth in the recitals.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with such first Person. A Person will be deemed to "Control" another Person if such first Person has the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of securities, by contract or otherwise.

"Agreement" has the meaning set forth in the introductory paragraph.

“Asset Purchase Agreement” has the meaning set forth in the recitals.

“BIIB” has the meaning set forth in the introductory paragraph.

“CTI” has the meaning set forth in the introductory paragraph.

“Effective Date” means the meaning set forth in the introductory paragraph.

“End User” has the meaning set forth in the License Agreement.

“Governmental Entity” means any court, administrative agency or commission or other governmental or regulatory authority or instrumentality of applicable jurisdiction, whether domestic or foreign.

“Governmental Rule” means any applicable law, judgment, order, award, decree, statute, ordinance, rule or regulation issued or promulgated by any Governmental Entity.

“GSK” has the meaning set forth in the introductory paragraph.

“License Agreement” has the meaning set forth in the recitals.

“Licensed Patents” has the meaning set forth in the License Agreement.

“Pass-Through Obligations” has the meaning set forth in Section 2.2.

“Person” means any individual, corporation, partnership, Limited Liability Company, joint venture, trust, business association, organization, Governmental Entity or other entity.

“Product” has the meaning set forth in the recitals.

“Term” has the meaning set forth in Section 4.1.

“Transaction Documents” has the meaning set forth in the Asset Purchase Agreement.

“United States” means the United States of America, together with all of its territories and possessions, and the Commonwealth of Puerto Rico.

Section 1.2 Interpretation.

(a) When used in this Agreement, the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation.”

(b) Any terms defined in the singular shall have a comparable meaning when used in the plural, and vice-versa.

(c) All references to any introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules shall be deemed references to the introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules to this Agreement unless otherwise specifically set forth herein.

(d) This Agreement shall be deemed drafted by each of CTI, BIIB and GSK and shall not be specifically construed against any party based on any claim that such party or its counsel drafted this Agreement.

ARTICLE II
SUBLICENSE

Section 2.1 Sublicense. Subject to the terms and conditions of this Agreement and the License Agreement, BIIB hereby grants to CTI, and CTI hereby accepts, an exclusive (even as to BIIB) sublicense under the Licensed Patents, without the right to sublicense, to make, have made, use, import, offer to sell and sell the Product in the United States during the Term, but solely for ultimate use of such Product by End Users in the United States. For the avoidance of doubt, no rights are granted pursuant to this Agreement (and CTI shall have no rights) with respect to the Licensed Patents: (i) for any purpose other than to make, have made, use, import, offer to sell and sell the Product in the United States during the Term for ultimate use of such Product by End Users in the United States; or (ii) for any purpose in any territory outside of the United States even if such purpose results in ultimate use of such Product by End Users in the United States. The foregoing restrictions pertaining to use by End Users (in the preceding sentence) shall not be construed to prevent the sale of the Product to Persons in a distribution chain resulting in eventual use by End Users in the United States.

Section 2.2 "Pass-Through" of Obligations. CTI agrees to abide by all of the terms, conditions and provisions of the License Agreement applicable to BIIB's sublicensee(s), and expressly agrees and accepts that the terms and conditions of the License Agreement are binding on CTI, it being understood that the sublicense granted pursuant to Section 2.1 is subject thereto.

Section 2.3 Consent and Agreement of GSK. GSK acknowledges and agrees to the arrangements contemplated by this Agreement, including the arrangements under Sections 2.1 and 2.2. GSK further acknowledges and agrees that, even though BIIB will continue to manufacture the Product for CTI after the Effective Date, the manufacture of the Product by BIIB on CTI's behalf: (i) is within the scope of the sublicense granted pursuant to Section 2.1; and (ii) does not require BIIB to obtain a separate license from GSK.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 BIIB to CTI. BIIB represents and warrants to CTI, as of the Effective Date, as follows:

(a) BIIB has the power and authority to execute, deliver and perform this Agreement, and this Agreement is a valid and binding obligation of BIIB, enforceable in accordance with its terms; and

(b) BIIB has the right to grant the sublicenses to the Licensed Patents that are the subject of this Agreement.

Section 3.2 CTI to GSK. CTI represents and warrants to GSK, as of the Effective Date, that CTI has the power and authority to execute, deliver and perform this Agreement, and this Agreement is a valid and binding obligation of CTI, enforceable in accordance with its terms.

Section 3.3 BIIB to GSK. BIIB represents and warrants to GSK, as of the Effective Date, that this Agreement does not materially alter BIIB 's obligations to GSK under the Agreement (except as such obligations are to be performed by CTI, rather than BIIB, hereunder).

Section 3.4 No Implied Warranties. EXCEPT AS EXPRESSLY SET FORTH ABOVE IN SECTION 3.1 AND IN ARTICLE V OF THE ASSET PURCHASE AGREEMENT, BIIB MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, VALIDITY, ENFORCEABILITY OR NON-INFRINGEMENT REGARDING OR WITH RESPECT TO THE LICENSED PATENTS. GSK MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, VALIDITY, ENFORCEABILITY OR NON-INFRINGEMENT REGARDING OR WITH RESPECT TO THE LICENSED PATENTS.

ARTICLE IV
TERM AND TERMINATION

Section 4.1 Term. This Agreement shall commence on the Effective Date and shall continue until the expiration or termination of the License Agreement pursuant to Article 7 of the License Agreement, unless earlier terminated in accordance with Section 4.2 (the **"Term");** provided, however, that the Term shall continue beyond any termination of the License Agreement for so long as CTI performs the Pass-Through Obligations, unless earlier terminated in accordance with Section 4.2.

Section 4.2 Termination.

(a) GSK (as a group), BIIB and CTI each shall have the right to terminate this Agreement with immediate effect upon written notice to the other parties upon the occurrence of any of the following:

(i) any other party (except SB or GGL) files a petition in bankruptcy, or enters into an agreement with its creditors, or applies for or consents to the appointment of a receiver or trustee, or makes an assignment for the benefit of creditors, or becomes subject to involuntary proceedings under any bankruptcy or insolvency law; or

(ii) any other party fails to cure its material noncompliance with any of the terms and conditions hereof or any material breach of its representations and warranties hereof within the time period specified in any written notice (which shall be at least sixty (60) days) delivered to such non-compliant or breaching party.

For the avoidance of doubt, GSK has the right to terminate this Agreement with immediate effect upon written notice to both of CTI and BIIB upon CTI failing to cure non-performance of any of the Pass-Through Obligations within the time period specified in any written notice (which shall be at least sixty (60) days) delivered to both of CTI and BIIB.

(b) BIIB shall have the additional right to terminate this Agreement with immediate effect upon written notice to CTI and GSK upon CTI failing to cure any material noncompliance with any of the terms and conditions of any of the Transaction Documents within the time period specified in any written notice (which shall be at least sixty (60) days) delivered to CTI; provided, however, that the foregoing shall not apply to any such non-compliance relating solely to a good faith payment dispute so long as such dispute remains unsettled and any amounts not in dispute have been timely paid.

Section 4.3 Effect of Termination. If this Agreement expires pursuant to Section 4.1 or is terminated pursuant to Section 4.2, any such expiration or termination shall not operate to discharge any liability that had been incurred by any party prior thereto.

Section 4.4 Survival. Sections 3.4 and 4.3, and Articles V and VI, shall survive any expiration or termination of this Agreement.

ARTICLE V
INDEMNIFICATION

As between CTI and BIIB, the provisions of Article XII (Indemnification) of the Asset Purchase Agreement are incorporated herein, *mutatis mutandis*, by reference and shall be effective as if fully set forth herein. In furtherance of the foregoing, consistent with Section 12.2 of the Asset Purchase Agreement, each of CTI, BIIB and GSK acknowledges and agrees that each of the other parties shall be entitled to seek temporary or permanent injunctive relief or specific performance in order to enforce its rights under this Agreement.

ARTICLE VI
GENERAL PROVISIONS

Section 6.1 Notices. All notices, requests and other communications hereunder shall be in writing and shall be sent, delivered or mailed, addressed as follows:

(a) if to CTI:

Cell Therapeutics, Inc.
501 Elliott Avenue Suite 400
Seattle, WA 98119
Telephone: (206) 284-5774
Facsimile: (206) 284-6114
Attn: James A. Bianco, M.D.

with a required copy to:

Heller Ehrman LLP
333 Bush Street
San Francisco, CA 94104
Telephone: (415) 772-6000
Facsimile: (415) 772-6268
Attn: Karen A. Dempsey

(b) if to BIIB:

Biogen Idee Inc.
14 Cambridge Place
Cambridge, MA 02142
Telephone: (617) 679-2000
Facsimile: (617) 679-2838
Attn: General Counsel

with a required copy to:

Pillsbury Winthrop Shaw Pittman LLP
12255 El Camino Real, Suite 300
San Diego, CA 92130
Telephone: (858) 509-4000
Facsimile: (858) 509-4010
Attn: Mike Hird

(c) if to GSK:

SmithKline Beecham
d/b/a GlaxoSmithKline
One Franklin Plaza
Philadelphia, PA 19103
Facsimile: (215) 751-3935
Attn: Corporate Secretary

and also to:

Glaxo Group Limited
980 Great West Road
Brentford, Middlesex
TW8 9GS United Kingdom
Attn: Company Secretary

with a required copy to:

GlaxoSmithKline
R&D Legal Operations and Biologicals
2301 Renaissance Blvd.
King of Prussia, PA 19446
Facsimile: (610) 787-7084
Attn: Senior Vice President & General Counsel

Each such notice, request or other communication shall be given by: (i) hand delivery; (ii) by certified mail; or (iii) nationally recognized courier service. Each such notice, request or communication shall be effective when delivered at the address specified in this Section 6.1 (or in accordance with the latest unrevoked direction from the receiving party).

Section 6.2 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 6.3 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Governmental Rule or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 6.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered by each party to both of the other parties, it being understood that all parties need not sign the same counterpart.

Section 6.5 Entire Agreement; No Third Party Beneficiaries. This Agreement (together with the schedules and exhibits attached hereto) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between or among the parties with respect to the subject matter hereof. Except as specifically provided herein, this Agreement is not intended to confer upon any Person other than the parties any rights or remedies hereunder.

Section 6.6 Governing Law. This Agreement will be deemed to have been made in the State of California and its form, execution, validity, construction and effect will be determined in accordance with the laws of the State of California, without giving effect to the principles of conflicts of law thereof.

Section 6.7 WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY OR THE TRANSACTIONS CONTEMPLATED HEREBY AND FOR ANY COUNTERCLAIM THEREIN.

Section 6.8 Assignment. No party may assign its rights or obligations under this Agreement without the prior written consent of both of the other parties; provided, however, that, so long as any such successor or assign agrees in writing to be bound by this Agreement, BIIB or GSK may assign its rights and obligations under this Agreement, without the prior written consent of both of the other parties, to an Affiliate or to a successor to the relevant portion of the assigning party's business by reason of merger, sale of all or substantially all of its assets or securities or any similar transaction. Any permitted assignee shall assume all obligations of its assignor under this Agreement. No assignment shall relieve any party of its responsibility for the performance of any obligation under this Agreement. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective representatives thereunto duly authorized, all as of the Effective Date.

BIOGEN IDEC INC.

By: /s/ signature illegible
Name:
Title:

CELL THERAPEUTICS, INC.

By: /s/ James A. Bianco
Name: James A. Bianco
Title:

SMITHKLINE BEECHAM CORPORATION
d/b/a/ GLAXOSMITHKLINE

By: /s/ Donald F. Parman
Name: Donald F. Parman
Title: Vice President & Secretary

GLAXO GROUP LIMITED

By: /s/ signature illegible
Name:
Title:

EXHIBIT A

License Agreement

[attached]

SETTLEMENT AND LICENSE AGREEMENT

This Settlement and License Agreement (the "Agreement") is made and effective as of the 14th day of November, 2002 (the "Effective Date") between SmithKline Beecham Corporation, f/k/a Glaxo Wellcome, Inc. and/or Burroughs Wellcome Co., having a principal place of business at One Franklin Plaza, Philadelphia, Pennsylvania 19102 and Glaxo Group Limited, 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom (together "LICENSOR"), and IDEC Pharmaceuticals Corporation, having its principal place of business at 3030 Callan Road, San Diego, California 92121 ("IDEC").

RECITALS

WHEREAS, LICENSOR is the owner of certain patent rights including patents and patent applications relating to antibodies; and

WHEREAS, IDEC has commenced litigation against SmithKlineBeecham Corp., Burroughs Wellcome Co. and Glaxo Wellcome, Inc. in the United States District Court for the Southern District of California, Case No. 01-CV-1638 JM (JAH) (the "Litigation"); and

WHEREAS, the parties wish to resolve their differences and terminate the Litigation;

NOW, THEREFORE, in consideration of the mutual covenants and promises made in this Agreement, and other good and valuable consideration, the sufficiency of which is acknowledged, LICENSOR and IDEC agree as follows:

1. DEFINITIONS AND INTERPRETATION

Unless otherwise specifically set forth herein, the following terms shall have the following meanings:

1.1 "Affiliate" shall mean any entity that controls, is controlled by or is under common control with IDEC or LICENSOR; and "control" for the purposes of this definition shall mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting stock, by contract or otherwise. In the case of a corporation, "control" shall mean the direct or indirect ownership of fifty one percent (51 %) or more of the outstanding voting stock or, in the absence of such ownership, the ability to appoint a majority of the board of directors of such corporation.

1.2 "End User" shall mean a person or entity, including, without limitation, a physician, hospital, radiopharmacy, distributor, general medical practice, government health agency or health care insurance company, whose use of a Licensed Product results in its consumption or destruction, loss of activity or loss of value.

1.3 "[***]" shall mean an antibody or portion of such antibody that binds to the [*******] antigen and collectively or individually includes unlabeled [*******] or radiolabeled [*******] or chelate-conjugated [*******] or radiolabeled chelate-conjugated [*******].

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

1.4 “Field of Use” shall mean all human medical applications including diagnosis, imaging, monitoring, treatment or prevention of diseases, disorders, afflictions or conditions.

1.5 “Licensed Patents” shall mean any patents issuing from, or claiming priority to, U.K. Patent Application **[***]** (The **“[***]** Patents”) or U.K. Patent Application **[***]** (The “**[***]** Patents”) and any divisional, continuation and continuation-in-part applications or reissues, reexaminations, and extensions therefrom, and all United States and other foreign counterparts of such patents and patent applications, including but not limited to those set forth in Schedule A, attached hereto and incorporated herein.

1.6 “Licensed Products” shall mean Zevalin™ and the four IDEC antibody development products identified as **[***]** and **[***]**, including an antibody product that is the Same Antibody as any one of the four IDEC antibody development products, **[***]** and **[***]**.

1.7 “Rituxan® ” shall mean the rituximab antibody product currently supplied by Genentech, Inc. or any rituximab derived antibody product directed to the same target protein as rituximab.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

1.8 “Same Antibody” shall mean a monoclonal antibody intended for the same use and indication as another monoclonal antibody, where the only differences in structure between the two antibodies are due to (i) post- translational events or infidelity of translation or transcription, (ii) minor differences in the variable region amino acid sequences including minor differences in the amino acid sequences of the complementarity determining regions or (iii) minor differences in the amino acid sequences of the constant region.

1.9 “Sublicensees” shall mean only those current or future IDEC business partners who have contracted with IDEC in writing (i) to make, have made, use, import, offer to sell or sell the Licensed Products in the Territory or (ii) if the option is exercised pursuant to paragraph 5.2, to make, have made, use, import, offer to sell or sell **[***]** in the Territory.

1.10 “Substitute Immunoglobulin” shall mean a cytotoxically labeled or unlabeled immunoglobulin, directed to the same target protein as one of Licensed Products or **[***]** or a portion of such immunoglobulin directed to such target proteins.

1.11 “Territory” shall mean the entire world.

1.12 “Zevalin”™ shall mean, individually and collectively, ibritumomab or radiolabeled ibritumomab or chelate-conjugated ibritumomab or radiolabeled chelate-conjugated ibritumomab.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

2. LICENSE GRANT AND TERMINATION OF LITIGATION

2.1 Conditioned on payments made by IDEC under Article 3 of this Agreement, LICENSOR hereby grants to IDEC a world-wide, non-exclusive, fully paid-up license, with the right to sublicense only as set forth in paragraph *2.2*, under the Licensed Patents for the Term of this Agreement as set forth in Paragraph 7.1, to make, have made, use, import, offer to sell, and sell the Licensed Products for the Field of Use in the Territory.

2.2 Conditioned on payments made by IDEC under Article 3 of this Agreement, IDEC shall have the right to grant sublicenses to Sublicensees to make, have made, use, import, offer to sell and sell the Licensed Products for the Field of Use in the Territory, with such sublicenses to be made pursuant to written agreement between IDEC and such Sublicensee. IDEC will provide notice and a copy of any such sublicense, with financial and other confidential terms not related to the license grant redacted, to LICENSOR within thirty (30) days of the execution of the sublicense. Any attempt by IDEC to grant a sublicense that is not consistent with the terms of this Agreement shall be null, void and of no force or effect without the prior written consent of LICENSOR.

2.3 Promptly after the Effective Date of this Agreement, IDEC shall dismiss all claims made in the Litigation with prejudice, each party to bear its own costs, expenses and attorneys' fees, by filing an executed Stipulation of Dismissal With Prejudice in the form of Schedule B, attached hereto and incorporated herein.

3. LICENSE GRANT FEES

3.1 IDEC shall pay LICENSOR a non-refundable license grant fee of [***] US dollars [***] in consideration for the license grant of Article *2* and LICENSOR'S covenants under Article 4 of this Agreement.

3.2 IDEC shall pay the license grant fee set forth in paragraph 3.1 in three equal installments. IDEC shall pay the first installment within thirty (30) days after the Effective Date of this Agreement. IDEC shall pay the second installment within ninety (90) days after payment of the first installment. IDEC shall pay the third installment within ninety (90) days after payment of the second installment.

3.3 IDEC shall make all such license grant fee payments by wire transfer pursuant to instructions previously provided by LICENSOR.

4. COVENANT NOT TO SUE

4.1 For the Term of this Agreement, LICENSOR shall not sue IDEC, IDEC's Sublicensees, any IDEC successor in interest to all or substantially all of the assets related to Zevalin™ as determined on a country by country basis, End Users or third party sellers of Zevalin™ for inducement of infringement, contributory infringement and/or direct infringement of the Licensed Patents solely for the use of Rituxan® in conjunction with Zevalin™ to treat patients in the Field of Use. This provision will not apply to Genentech, Inc. if they are a successor in interest to all or part of Zevalin™ assets.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

4.2 Except as set forth in Paragraph 4.1 and Paragraph 5.1, this Agreement does not limit in any way the rights of LICENSOR to enforce the Licensed Patents against any party engaged in the manufacture, sale or importation of Rituxan®, including the right to pursue and collect royalties from Genentech, Inc. ("Genentech") on all sales of Rituxan®, including sales of Rituxan® for use in conjunction with Zevalin™ in the Field of Use.

4.3 For the Term of this Agreement, LICENSOR shall not sue IDEC, IDEC's Sublicensees, any IDEC successor in interest to all or substantially all of the assets related to Zevalin™, End Users or third party sellers of Zevalin™ for infringement of those patents, or patent applications that may issue as patents, presently owned or controlled by LICENSOR as of the Effective Date of this Agreement solely for the manufacture, use, sale or offer for sale of Zevalin™ in the Field of Use. Notwithstanding the foregoing, the covenant set forth in this paragraph 4.3: (i) excludes any patents, and patent applications that may issue as patents, pursuant to which SmithKline Beecham Corporation has obtained, or may obtain in the future, certain rights under the Collaboration Agreement dated October 23, 1998 between Coulter Pharmaceutical, Inc. and SmithKline Beecham Corporation, and (ii) does not limit the rights of LICENSOR or IDEC in any way with respect to any patent that has been asserted, or patents referenced in subsection (i) above, that may be asserted in either or both of the civil actions involving Corixa Corporation pending in the Southern District of California, Civil Action Numbers 01-CV-1637IEG and 02-CV-0058IEG or otherwise extend to these actions.

4.4 It is specifically understood by the parties to this Agreement that the covenant not to sue set forth in paragraph 4.3 does not apply to any patent or patent application owned by the [***] Corporation. It is further understood by the parties to this Agreement that the covenant not to sue set forth in paragraph 4.3 does not apply to any patent presently at issue in Civil Action Numbers [***] and [***] pending in the United States District Court for the Southern District of California.

5. OPTION RIGHTS AND CONTINGENT PAYMENTS

[***]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

5.2 [***] Conditioned on payments made by IDEC under Article 3 of this Agreement, with respect to IDEC's antibody development product identified as [***], IDEC shall, during the Term of this Agreement have the option to pay LICENSOR either (i) [***] US dollars [***] at any time prior to commencement of Phase III clinical trials for [***] or (ii) [***] US dollars [***] at any time after the commencement of Phase III trials for [***], for a worldwide, fully paid-up license under the Licensed Patents to make, have made, use, import, offer to sell and sell [***] and radiolabeled and/or chelare-conjugated [***], including the right to grant sublicenses as provided in paragraph 2.2 of this Agreement. Any license granted pursuant to this provision shall not be effective until receipt of such payment by LICENSOR and shall not be construed to cover any commercial sales of [***] occurring prior to the license grant. If IDEC exercises the option under this paragraph, such license shall continue for the Term, as set forth in paragraph 7.1 unless earlier terminated by LICENSOR under paragraphs 7.2. For the purposes of this Paragraph "commencement of Phase III clinical trials" shall mean the administration of [***] to a patient in an approved Phase III trial.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

5.3 Radiolabeled and Substitute Immunoglobulins of [***] and [***] and Substitute Immunoglobulins of [***]. Conditioned on payments made by IDEC under Article 3 of this Agreement, with respect to radiolabeled and/or chelate-conjugated and Substitute Immunoglobulins of IDEC's antibody development products identified as [***], and Substitute Immunoglobulins of [***], during the Term of this Agreement, IDEC shall have the option to pay LICENSOR, for each radiolabeled and/or chelare-conjugated or Substitute Immunoglobulin, either (i) [***] US dollars [***] at any time prior to commencement of Phase III clinical trials for such radiolabeled and/or chelate-conjugated or Substitute Immunoglobulin, or (ii) [***] US dollars [***] after commencement of Phase III trials for such radiolabeled chelate-conjugated or Substitute Immunoglobulin, for a worldwide, fully paid-up license under the Licensed Patents to make, have made, use, import, offer to sell and sell the radiolabeled and/or chelate-conjugated or Substitute Immunoglobulins, including the right to grant sublicenses as provided in paragraph 2.2 of this Agreement. Any license granted pursuant to this provision shall not be effective until receipt of such payment by LICENSOR and shall not be construed to cover any commercial sales of the radiolabeled and/or chelate-conjugated and Substitute Immunoglobulins occurring prior to the license grant. If IDEC exercises the option under this paragraph, such license shall continue for the Term, as set forth in paragraph 7.1 unless earlier terminated by LICENSOR under paragraph 7.2. For the purposes of this Paragraph "commencement of Phase III clinical trials" shall mean the administration of any of the respective products of this Paragraph to a patient in an approved Phase III trial.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

6. CONFIDENTIALITY

This Agreement, and all of its terms, shall be maintained in confidence by the parties, shall not be used for any purpose other than implementation of and compliance with its terms, and shall be of no force or effect in any other action, matter or proceeding including any litigation involving Rituxan® or Zevalin™; provided, however, that any party may make any disclosure required by law, including financial or corporate reporting obligations, provided prior written notice of the disclosure is given to the other party with reasonable opportunity to edit or supplement the disclosure. If, in any other litigation, a demand is made of any of the parties of sufficient scope to require disclosure of this Agreement and/or any of its terms, written notice shall be provided to the other party to this Agreement prior to any such disclosure being made, with sufficient time to allow the other party to take any action deemed necessary to protect against unwarranted disclosure. Notwithstanding the foregoing, either party may state that the Litigation between the parties is settled and that IDEC has obtained a License under the Licensed Patents. IDEC may also disclose the terms of this Agreement to i) any current or prospective Sublicensee with redaction of the financial terms; ii) other than Genentech, any current sublicensee who has an obligation to share the costs of this Agreement; or iii) any current or prospective Sublicensee with consent from the LICENSOR, such consent not to be unreasonably withheld. No other press release or public statement regarding the existence of or terms of this Agreement or its underlying transactions shall be issued without the consent and approval of all parties hereto with reasonable opportunity to edit or supplement.

7. TERM AND TERMINATION

7.1 Term. This Agreement shall come into force as of the Effective Date and shall continue in full force and effect, unless earlier terminated as provided herein, until the expiration of the last to expire of the Licensed Patents.

7.2 Termination for Breach. LICENSOR shall have the right to terminate this Agreement and the licenses granted under Article 2 or Article 5 of this Agreement upon thirty (30) days' written notice to IDEC for material breach of the payment provision of Articles 3 of this Agreement, provided IDEC has failed to cure such material breach within thirty (30) days of receipt of notice thereof. LICENSOR shall have the right to terminate any unexercised option rights granted under Article 5 of this Agreement upon thirty (30) days' written notice to IDEC for material breach of the payment provisions of Article 5 of this Agreement, provided IDEC has failed to cure such material breach within thirty (30) days of receipt of notice thereof.

8. RELEASE AND WAIVER

8.1 Release of IDEC. In consideration of the payments made by IDEC herein, the sufficiency of which is hereby acknowledged, LICENSOR, for itself, its Affiliates and their successors and assigns (collectively, "LICENSOR Releasors") hereby covenants not to sue and hereby releases and discharges IDEC and its Affiliates and their successors and assigns, separately and collectively, from any and all causes of action, in law or equity, known and unknown, and all suits, debts, accounts, liabilities, claims, demands, damages, losses, costs or expenses, which LICENSOR Releasors now have or hereafter may claim to have relating in any way to allegations of infringement of the Licensed Patents by the Licensed Products through and including the Effective Date (collectively, LICENSOR Claims"). LICENSOR acknowledges that there is a risk that subsequent to the execution of this Agreement it may discover or suffer losses, damages, costs, attorneys' fees, expenses, or any of these, which are in some way connected with the matters released herein, and which are unknown and unanticipated at the time this Agreement is signed.

Nevertheless, LICENSOR acknowledges that this Agreement has been negotiated and agreed upon in light of that realization and to the extent section 1542 of the Civil Code of the State of California may apply to this Agreement, LICENSOR has been advised by its counsel concerning that section, and expressly waives any right or benefit of that section, which provides as follows:

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

LICENSOR represents that it has not heretofore assigned or transferred or purported to assign or transfer to any person or entity any of the LICENSOR Claims or any part of the LICENSOR Claims.

9. MISCELLANEOUS PROVISIONS

9.1 Headings. The headings of this Agreement are for ease of reference only and are not part of this Agreement for the purposes of construction.

9.2 Schedules and Recitals. The Schedules and Recitals form part of this Agreement and shall have effect as if set out in full in the body of this Agreement, and accordingly, any reference to this Agreement includes the Schedules and Recitals.

9.3 Limitations on Assignments. Neither this Agreement nor any interest hereunder shall be assignable by either party without the written consent of the other; provided, however, that either party may assign this Agreement to any corporation or entity in connection with a merger, consolidation, change in control or in connection with the transfer of substantially all of its assets or, in the case of IDEC, all or substantially all of its assets as determined on a country by country basis, related to individual Licensed Products or [***] as set forth in this Agreement, without obtaining the consent of the other party. Any attempt to assign the rights granted hereunder, other than as provided herein, shall be null, void and of no force or effect without the prior written consent of the other party.

9.4 Jurisdiction and Choice of Laws. LICENSOR and IDEC agree that this Agreement shall be construed under the laws of the State of California.

9.5 Further Acts and Instruments. Each Party hereto agrees to execute, acknowledge and deliver such further instruments and to do all such other acts as may be necessary or appropriate to effect the purpose and intent of this Agreement.

9.6 Entire Agreement. This Agreement constitutes and contains the entire agreement of the parties and supersedes any and all prior negotiations, representations, correspondence, understandings and agreements between the parties respecting the subject matter thereof. This Agreement may be amended or modified or one or more provisions thereof waived only by a written instrument signed by the parties.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

9.7 Severability. In the event any one or more of the provisions of this Agreement should for any reason be held by any court or authority having jurisdiction over this Agreement or any of the parties hereto to be invalid, illegal or unenforceable, such provision or provisions shall be validly reformed to as nearly approximate the intent of the parties as possible and if unreformable, the parties shall meet to discuss what steps should be taken to remedy the situation; elsewhere, this Agreement shall not be affected.

9.8 Notice. Any notice, request, approval or other document required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given when delivered in person, transmitted by telex, telecopier, telegraph or deposited in the mail, postage prepaid, for mailing by first class, certified or registered mail, return receipt requested, addressed as follows:

Glaxo Group Limited
980 Great West Road
Brentford, Middlesex
TW8 9GS United Kingdom

Attn: Company Secretary

SmithKlineBeecham Corp. d/b/a GlaxoSmithKline
One Franklin Plaza
Philadelphia, Pennsylvania 19103
U.S.A.

Attn: Corporate Secretary

If to IDEC, addressed to:

IDEC Pharmaceuticals Corporation
3030 Callan Road
San Diego, California 92121

Attn: General Counsel

or to such other address or addresses as may be specified from time to time in a written notice.

9.9 Patent Maintenance. LICENSOR shall maintain all Licensed Patents for the maximum statutory term allowed.

9.10 Force Majeure. LICENSOR and IDEC shall be excused for any failure or delay in performing any of its respective obligations under this Agreement, if such failure or delay is caused by Force Majeure.

9.11 Waiver. The failure of a party to enforce at any time for any period any of the provisions of this Agreement shall not be construed as a waiver of such provisions or the rights of such party thereafter to enforce each such provision.

9.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, IDEC and LICENSOR have caused this Settlement and License Agreement to be executed by their duly authorized representatives as of the day and year indicated above.

IDEC PHARMACEUTICALS CORPORATION

By /s/ William R.Rohn
William R.Rohn
President and Chief Operating Officer

SMITHKLINE BEECHAM CORPORATION

By /s/ Donald F. Parman
Donald F. Parman
Vice President and Secretary

GLAXO GROUP LIMITED

By /s/ S. M. Bicknell
S. M. Bicknell
Secretary

SCHEDULE A

Patents and Patent Applications

[***]

[***]: CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

SCHEDULE B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

IDEC PHARMACEUTICALS, INC., a Delaware Corporation,	)	Civil No. 01CV1638JM(JAH)
Plaintiff,	)	**STIPULATION OF DISMISSAL WITH PREJUDICE**
v.	)	
SMITHKLINE BEECHAM, CORP., a Pennsylvania Corporation, dba, GLAXOSMITHKLINE, GLAXO WELLCOME INC., a North Carolina Corporation, and BURROUGHS WELLCOME COMPANY, a North Carolina Corporation,	)	
Defendants.	)	

Pursuant to Fed. R. Civ. P. 41(a)(1), Plaintiff, IDEC Pharmaceuticals, Inc. ("IDEC"), and defendants, SmithKline Beecham, Corp., Glaxo Wellcome Inc. and Burroughs Wellcome Company (collectively, "GlaxoSmithKline"), through their undersigned counsel, hereby stipulate to dismissal with prejudice of all of the claims asserted in this action, each party to bear its own costs, expenses and attorneys' fees. IDEC and GlaxoSmithKline further stipulate and agree that the Court shall retain jurisdiction over this matter for a period of one year following the filing date of this Stipulation of Dismissal with Prejudice.

By: _____

F. T. Alexandra Mahaney
BROBECK, PHLEGER
& HARRISON LLP
12390 El Camino Real
San Diego, CA 92130

James J. Elacqua
DEWEY BALLANTINE LLP.
2300 Geng Road
Palo Alto, CA 94303

By _____

Donald G. Rez
Cynthia A. Fissel
SULLIVAN, HILL, LEWIN,
REZ & ENGEL
550 West C. Street, Suite 1500
San Diego, CA 92101-3540

Brian P. Murphy
Phillip Canelli
MORGAN, LEWIS & BOCKIUS, LLP
101 Park Avenue
New York, New York 10178

Exhibit 10.12

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT MARKED WITH [***] HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT, AS AMENDED.

SUBLICENSE AGREEMENT

THIS SUBLICENSE AGREEMENT (this "Agreement"), dated as of December 21, 2007 (the "Effective Date"), is made by and among CELL THERAPEUTICS, INC., a Washington corporation ("CTI"), BIOGEN IDEC INC., a Delaware corporation ("BIIB"), and CORIXA CORPORATION, a Delaware corporation ("CORIXA"), COULTER PHARMACEUTICAL, INC., a Delaware corporation ("COULTER"), THE REGENTS OF THE UNIVERSITY OF MICHIGAN, a Michigan constitutional corporation ("MICHIGAN") and SMITHKLINE BEECHAM CORPORATION doing business as GLAXOSMITHKLINE, a Pennsylvania corporation ("GSK") (CORIXA, COULTER, MICHIGAN, and GSK, collectively, "LICENSORS").

WHEREAS, BIIB and LICENSORS are party to that certain Settlement and License Agreement, dated as of February 27, 2004, a complete copy of which is attached hereto as Exhibit A (the "License Agreement"), pursuant to which LICENSORS grant, and BIIB accepts, certain licenses to the Licensed Patents (as defined below);

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of August 15, 2007, by and between CTI and BIIB (the "Asset Purchase Agreement"), CTI has purchased certain assets (the "Acquisition") from BIIB relating to the pharmaceutical product currently marketed and sold as ZEVALIN® (lbritumomab Tiuxetan), consisting of Indium-111 lbritumomab Tiuxetan and Yttrium-90 lbritumomab Tiuxetan (the "Product");

WHEREAS, in connection with the Acquisition, BIIB desires to grant, and CTI desires to accept, certain sublicenses to the Licensed Patents, all upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, LICENSORS desire to consent to such sublicenses to the Licensed Patents, upon the terms and subject to the conditions set forth in this Agreement, and to agree to certain arrangements in connection therewith.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, CTI, BIIB and LICENSORS agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below:

"Acquisition" has the meaning set forth in the recitals.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with such first Person. A Person will be deemed to "Control" another Person if such first Person has the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of securities, by contract or otherwise.

"Agreement" has the meaning set forth in the introductory paragraph.

"Asset Purchase Agreement" has the meaning set forth in the recitals.

"BIIB" has the meaning set forth in the introductory paragraph.

"CORIXA" has the meaning set forth in the introductory paragraph.

"CTI" has the meaning set forth in the introductory paragraph.

"Effective Date" means the meaning set forth in the introductory paragraph.

"Governmental Entity" means any court, administrative agency or commission or other governmental or regulatory authority or instrumentality of applicable jurisdiction, whether domestic or foreign.

"Governmental Rule" means any applicable law, judgment, order, award, decree, statute, ordinance, rule or regulation issued or promulgated by any Governmental Entity.

"GSK" has the meaning set forth in the introductory paragraph.

"License Agreement" has the meaning set forth in the recitals.

"Licensed Patents" means THE KAMINSKY PATENT FAMILY (as defined in the License Agreement) and THE WAHL PATENT FAMILY (as defined in the License Agreement).

"LICENSORS" has the meaning set forth in the introductory paragraph.

"MICHIGAN" has the meaning set forth in the introductory paragraph.

"Pass-Through Obligations" has the meaning set forth in Section 2.2.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, business association, organization, Governmental Entity or other entity.

"Product" has the meaning set forth in the recitals and includes, without limitation, Zevalin Kits (as defined in the License Agreement).

"Term" has the meaning set forth in Section 4.1.

"Transaction Documents" has the meaning set forth in the Asset Purchase Agreement.

"United States" means the United States of America, together with all of its territories and possessions, and the Commonwealth of Puerto Rico.

Section 1.2 Interpretation.

(a) When used in this Agreement, the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation."

(b) Any terms defined in the singular shall have a comparable meaning when used in the plural, and vice-versa.

(c) All references to any introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules shall be deemed references to the introductory paragraph, recitals, Articles, Sections, Exhibits and Schedules to this Agreement unless otherwise specifically set forth herein.

(d) This Agreement shall be deemed drafted by each of CTI, BIIB and LICENSORS and shall not be specifically construed against any party based on any claim that such party or its counsel drafted this Agreement.

ARTICLE II
SUBLICENSE

Section 2.1 Sublicense. Subject to the terms and conditions of this Agreement and the License Agreement, BIIB hereby grants to CTI, and CTI hereby accepts, an exclusive (even as to BIIB) sublicense under the Licensed Patents, without the right to sublicense, to make, have made, use, offer to sell, sell, have sold and import the Product in the United States during the Term, but solely for ultimate use of such Product by end users in the United States. For the avoidance of doubt, no rights are granted pursuant to this Agreement (and CTI shall have no rights) with respect to the Licensed Patents: (i) for any purpose other than to make, have made, use, offer to sell, sell, have sold and import the Product in the United States during the Term for ultimate use of such Product by end users in the United States; or (ii) for any purpose in any territory outside of the United States even if such purpose results in ultimate use of such Product by end users in the United States. The foregoing restrictions pertaining to use by end users (in the preceding sentence) shall not be construed to prevent the sale of the Product to Persons in a distribution chain resulting in eventual use by end users in the United States, provided that Net Sales (as defined in the License Agreement) are subject to payment to CORIXA of royalties on such Net Sales in accordance with Section 4.2 and Paragraph 6(v) (Definitions) of the License Agreement.

Section 2.2 "Pass-Through" of Obligations. CTI agrees to abide by all of the terms, conditions and provisions of the License Agreement applicable to BIIB's sublicensee(s), and expressly agrees and accepts that the terms and conditions of the License Agreement are binding on CTI, it being understood that the sublicense granted pursuant to Section 2.1 is subject thereto. In addition and without limiting the foregoing, CTI hereby assumes the following obligations of BIIB under the License Agreement from and after the Effective Date (the **"Pass-Through Obligations")**:

(a) the obligation to pay the one-time payment of [***] Dollars (US$[***]) to CORIXA pursuant to Section 4.1 of the License Agreement (subject to Section 4.3 of the License Agreement);

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

(b) the obligation to pay a [***] percent ([***] %) royalty on Net Sales (as defined in the License Agreement) through [***] to CORIXA, except as provided in Section 4.3 of the License Agreement, and to provide royalty reports to CORIXA pursuant to Sections 4.2 and 4.5 of the License Agreement with respect to the Product in the United States (subject to Section 4.3 of the License Agreement);

(c) the obligation to account for and report its Net Sales of Product to CORIXA in the same manner as if such sales had been made by BIIB pursuant to Section 4.4 of the License Agreement;

(d) the obligation to maintain records and permit examination of such records by CORIXA pursuant to Section 4.6 of the License Agreement with respect to the Product in the United States;

(e) the obligation to comply with the dispute provision under Section 4.7 of the License Agreement and the mediation provision set forth in Section 12 of the License Agreement;

(f) the obligation to maintain the License Agreement as confidential in accordance with Article 15 of the License Agreement; and

(g) all other obligations of BIIB in the License Agreement to the extent that such obligations relate to the development, manufacture or sale of the Product in the United States.

CTI shall fully and timely perform any and all of the Pass-Through Obligations, and BIIB shall not perform any of the Pass-Through Obligations on CTI's behalf. CTI shall fully and timely make payment of any milestone due and payable under Section 4.1 of the License Agreement and all royalties due and payable under Section 4.2 of the License Agreement to GlaxoSmithKline Biologicals, 553 Old Corvallis Road, Hamilton, Montana 58940-3131, USA, by wire transfer to the account designated by CORIXA or GSK or to such other account designated in writing by GSK. LICENSORS acknowledge and agree that CTI shall be solely liable for the Pass-Through Obligations incurred after the Effective Date and during the Term and that LICENSORS shall look only to CTI for the performance of any and all such Pass Through Obligations after the Effective Date; provided, however, that BIIB shall indemnify LICENSORS for any outstanding milestones or royalties owed by CTI to LICENSORS pursuant to the Pass-Through Obligations upon LICENSORS' termination of this Agreement pursuant to Section 4.2 for CTI' s failure to cure non-performance of any Pass-Through Obligations and that, following any such termination, LICENSORS have the right to proceed against CTI, proceed against BIIB or proceed against CTI and BIIB jointly for any payment thereof. For the avoidance of doubt, the parties acknowledge and agree that: (i) the intent of this Section 2.2 is to "pass-through" the Pass-Through Obligations incurred after the Effective Date and during the Term from BIIB to CTI so that (x) CTI and LICENSORS deal directly with each other (and LICENSORS would deal with BIIB only as necessary to seek the indemnification provided for above) in connection with such Pass-Through Obligations after the Effective Date during the Term and (y) CTI performs such Pass-Through Obligations directly for, and for the direct benefit of, LICENSORS; and (ii) the License Agreement is hereby amended accordingly. Upon BIIB's request, CTI shall inform BIIB as to the status and nature of CTI's performance of the Pass Through Obligations.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

Section 2.3 Consent and Agreement of LICENSORS. LICENSORS acknowledge and agree to the arrangements contemplated by this Agreement, including the arrangements under Sections 2.1 and 2.2. LICENSORS further acknowledge and agree that, even though BIIB will continue to manufacture the Product for CTI after the Effective Date, CTI shall have sole responsibility for the performance of the Pass-Through Obligations as set forth in Section 2.2, subject to BIIB's indemnification obligation expressly provided therein and LICENSORS' right to proceed against CTI, proceed against BIIB or proceed against CTI and BIIB jointly for any payment thereof in accordance with Section 2.2. For the avoidance of doubt, the manufacture of the Product by BIIB on CTI's behalf: (i) is within the scope of the sublicense granted pursuant to Section 2.1; and (ii) does not require BIIB to obtain a separate license from LICENSORS.

ARTICLE III
REPRESENTATIONS AND WARRANTIES; NO CHALLENGES TO LICENSED PATENTS

Section 3.1 BIIB to CTI. BIIB represents and warrants to CTI, as of the Effective Date, as follows:

(a) BIIB has the power and authority to execute, deliver and perform this Agreement, and this Agreement is a valid and binding obligation of BIIB, enforceable in accordance with its terms; and

(b) BIIB has the right to grant the sublicenses to the Licensed Patents that are the subject of this Agreement.

Section 3.2 CTI to LICENSORS. CTI represents and warrants to the LICENSORS, as of the Effective Date, that CTI has the power and authority to execute, deliver and perform this Agreement, and this Agreement is a valid and binding obligation of CTI, enforceable in accordance with its terms.

Section 3.3 BIIB to LICENSORS. BIIB represents and warrants to the LICENSORS, as of the Effective Date, that this Agreement does not materially alter BIIB's obligations to the LICENSORS under the Agreement (except as such obligations are to be performed by CTI, rather than BIIB, hereunder).

Section 3.4 No Challenges to LICENSORS' Licensed Patents. CTI expressly agrees that, as of the Effective Date, it shall be bound by Section 6.1.2 and Section 6.1.3 of the License Agreement for the Term unless CTI terminates this Agreement prior to the end of the Term in accordance with Section 4.2.

Section 3.5 No Implied Warranties. EXCEPT AS EXPRESSLY SET FORTH ABOVE IN SECTION 3.1 AND IN ARTICLE V OF THE ASSET PURCHASE AGREEMENT, BIIB MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, VALIDITY, ENFORCEABILITY OR NON-INFRINGEMENT REGARDING OR WITH RESPECT TO THE LICENSED PATENTS. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 5.1 OF THE LICENSE AGREEMENT, LICENSORS MAKE NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, VALIDITY, ENFORCEABILITY OR NON-INFRINGEMENT REGARDING OR WITH RESPECT TO THE LICENSED PATENTS.

ARTICLE IV
TERM AND TERMINATION

Section 4.1 Term. This Agreement shall commence on the Effective Date and shall continue until the expiration or termination of the License Agreement pursuant to Section 11 of the License Agreement, unless earlier terminated in accordance with Section 4.2 (the **"Term");** provided, however, that the Term shall continue beyond any termination of the License Agreement for so long as CTI performs the Pass-Through Obligations, unless earlier terminated in accordance with Section 4.2.

Section 4.2 Termination.

(a) The LICENSORS (as a group), BIIB and CTI each shall have the right to terminate this Agreement with immediate effect upon written notice to the other parties upon the occurrence of any of the following:

(i) any other party (except any LICENSORS) files a petition in bankruptcy, or enters into an agreement with its creditors, or applies for or consents to the appointment of a receiver or trustee, or makes an assignment for the benefit of creditors, or becomes subject to involuntary proceedings under any bankruptcy or insolvency law; or

(ii) any other party fails to cure its material noncompliance with any of the terms and conditions hereof or any material breach of its representations and warranties hereof within the time period specified in any written notice (which shall be at least sixty (60) days) delivered to such non-compliant or breaching party.

For the avoidance of doubt, LICENSORS have the right to terminate this Agreement with immediate effect upon written notice to both of CTI and BIIB upon CTI failing to cure non performance of any of the Pass-Through Obligations within the time period specified in any written notice (which shall be at least sixty (60) days) delivered to both of CTI and BIIB.

(b) BIIB shall have the additional right to terminate this Agreement with immediate effect upon written notice to CTI and LICENSORS upon CTI failing to cure any material noncompliance with any of the terms and conditions of any of the Transaction Documents within the time period specified in any written notice (which shall be at least sixty (60) days) delivered to CTI; provided, however, that the foregoing shall not apply to any such non-compliance relating solely to a good faith payment dispute so long as such dispute remains unsettled and any amounts not in dispute have been timely paid.

Section 4.3 Effect of Termination. If this Agreement expires pursuant to Section 4.1 or is terminated pursuant to Section 4.2, any such expiration or termination shall not operate to discharge any liability that had been incurred by any party prior thereto.

Section 4.4 Survival. Sections 3.5 and 4.3, and Articles V and VI, shall survive any expiration or termination of this Agreement.

ARTICLE V
INDEMNIFICATION

Section 5.1 Between CTI and BIIB. As between CTI and BIIB, the provisions of A rticle XII (Indemnification) of the Asset Purchase Agreement are incorporated herein, *mutatis mutandis*, by reference and shall be effective as if fully set forth herein. In furtherance of the foregoing, consistent with Section 12.2 of the Asset Purchase Agreement, each of CTI and BIIB acknowledges and agrees that the other party shall be entitled to seek temporary or permanent injunctive relief or specific performance in order to enforce its rights under this Agreement.

Section 5.2 Between BIIB and LICENSORS. As between BIIB and the LICENSORS, the provisions of Section 5.4 of the License Agreement shall continue in full force and effect unaltered by this Agreement.

Section 5.3 Between CTI and LICENSORS. CTI shall indemnify and hold LICENSORS and each of their respective Affiliates and sublicensees harmless against any and all claims, demands, actions, proceedings, liabilities, losses, damages, costs, and expenses, including, without limitation, reasonable expert witness and attorneys' fees and costs arising from or related to any suit or claim by a third Person that is based upon a breach of the representation and warranties made by CTI in Section 3.2.

ARTICLE VI
GENERAL PROVISIONS

Section 6.1 Notices. All notices, requests and other communications hereunder shall be in writing and shall be sent, delivered or mailed, addressed as follows:

(a) if to CTI:

Cell Therapeutics, Inc.
501 Elliott Avenue Suite 400
Seattle, WA 98119
Telephone: (206) 284-5774
Facsimile: (206) 284-6114
Attn: James A. Bianco, M.D.

with a required copy to:

Heller Ehrman LLP
333 Bush Street
San Francisco, CA 94104
Telephone: (415) 772-6000
Facsimile: (415) 772-6268
Attn: Karen A. Dempsey

(b) if to BIIB:

B iogen Idec Inc.
14 Cambridge Place
Cambridge, MA 02142
Telephone: (617) 679-2000
Facsimile: (617) 679-2838
Attn: General Counsel

with a required copy to:

Pillsbury Winthrop Shaw Pittman LLP
12255 El Camino Real, Suite 300
San Diego, CA 92130
Telephone: (858) 509-4000
Facsimile: (858) 509-4010
Attn: Mike Hird

(c) if to CORIXA and/or GSK:

GlaxoSmithKline Biologicals
553 Old Corvallis Road
Hamilton, Montana 59840-3131
Facsimile: (450) 978-7866
Attn: President

with a required copy to:

GlaxoSmithKline
R&D Legal Operations and Biologicals
2301 Renaissance Blvd.
King of Prussia, PA 19446
Facsimile: (610) 787-7084
Attn: Senior Vice President & General Counsel

(d) if to COULTER:

Coulter Pharmaceutical, Inc.
553 Old Corvallis Road
Hamilton, Montana 59840-3131
Facsimile: (450) 978-7866
Attn: President

with a required copy to:

GlaxoSmithKline
R&D Legal Operations and Biologicals
2301 Renaissance Blvd.
King of Prussia, PA 19446
Facsimile: (610) 787-7084
Attn: Senior Vice President & General Counsel

(e) if to MICHIGAN:

University of Michigan
Office of Technology Transfer
2071 Wolverine Tower
3003 South State Street
Ann Arbor, MI 48109-1290
Facsimile: (734) 936-1330
Attn: Director of Licensing, File 1009

Each such notice, request or other communication shall be given by: (i) hand delivery; (ii) by certified mail; or (iii) nationally recognized courier service. Each such notice, request or communication shall be effective when delivered at the address specified in this Section 6.1 (or in accordance with the latest unrevoked direction from the receiving party).

Section 6.2 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 6.3 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Governmental Rule or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 6.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered by each party to both of the other parties, it being understood that all parties need not sign the same counterpart.

Section 6.5 Entire Agreement; No Third Party Beneficiaries. This Agreement (together with the schedules and exhibits attached hereto) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between or among the parties with respect to the subject matter hereof. Except as specifically provided herein, this Agreement is not intended to confer upon any Person other than the parties any rights or remedies hereunder.

Section 6.6 Governing Law. This Agreement will be deemed to have been made in the State of California and its form, execution, validity, construction and effect will be determined in accordance with the laws of the State of California, without giving effect to the principles of conflicts of law thereof.

Section 6.7 WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY OR THE TRANSACTIONS CONTEMPLATED HEREBY AND FOR ANY COUNTERCLAIM THEREIN.

Section 6.8 Assignment. No party may assign its rights or obligations under this Agreement without the prior written consent of both of the other parties; provided, however, that, so long as any such successor or assign agrees in writing to be bound by this Agreement, BIIB or LICENSORS may assign its rights and obligations under this Agreement, without the prior written consent of both of the other parties, to an Affiliate or to a successor to the relevant portion of the assigning party's business by reason of merger, sale of all or substantially all of its assets or securities or any similar transaction. Any permitted assignee shall assume all obligations of its assignor under this Agreement. No assignment shall relieve any party of its responsibility for the performance of any obligation under this Agreement. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective representatives thereunto duly authorized, all as of the Effective Date.

BIOGEN IDEC INC.

By: /s/ Faheem Hasnain
Name: Faheem Hasnain
Title:

CELL THERAPEUTICS, INC.

By: /s/ James A. Bianco
Name: James A. Bianco
Title:

CORIXA CORPORATION

By: /s/ Donald F. Parman
Name: Donald F. Parman
Title: Vice President & Secretary

COULTER PHARMACEUTICAL, INC.

By: /s/ Donald F. Parman
Name: Donald F. Parman
Title: Vice President & Secretary

UNIVERSITY OF MICHICAN

By: /s/ Kenneth J. Nisbet
Name: Kenneth J. Nisbet
Title: Executive Director,
UM Technology Transfer

SMITHKLINE BEECHAM CORPORATION d/b/a GLAXOSMITHKLINE

By: /s/ Donald F. Parman
Name: Donald F. Parman
Title: Vice President & Secretary

EXHIBIT A

License Agreement

[attached]

SETTLEMENT AND LICENSE AGREEMENT

This Settlement and License Agreement ("AGREEMENT") is made and entered by and among Biogen Idec Inc., a Delaware corporation ("Biogen Idec"), Corixa Corporation, a Delaware Corporation ("Corixa"), Coulter Pharmaceutical, Inc., a Delaware Corporation ("Coulter"), The Regents of the University of Michigan, a constitutional corporation of the State of Michigan ("Michigan"), and SmithKline Beecham Corporation d/b/a GlaxoSmithKline, a Pennsylvania Corporation ("GSK") (collectively the "PARTIES"). The EFFECTIVE DATE of this AGREEMENT is February 27, 2004.

RECITALS

1. Certain disputes and controversies have arisen between the PARTIES relating to the claims, counter-claims, cross-claims, and demands set forth in the following civil actions ("THE LAWSUITS"):

a. Southern District of California Case No. 01-CV-1637 IEG (RBB): On September 10, 2001, IDEC Pharmaceuticals Corp. ("IDEC") filed a complaint in the Southern District of California against Corixa, Coulter and Michigan for a declaratory judgment of patent non-infringement and invalidity of U.S. Patents 6,015,542, 6,090,365, 5,595,721, 5,843,398, 6,251,362, and 6,022,521. This was assigned Case No. 0l-CV-1637 IEG (RBB). On September 12, 2001, IDEC filed a First Amended Complaint, adding a claim for declaratory judgment of patent non-infringement and invalidity of U.S. Patent 6,287,537. On February 13, 2002, Corixa, Coulter, Michigan and GSK filed a counterclaim alleging patent infringement of U.S. Patents 5,595,721, 6,015,542, and 6,090,365. On August 13, 2002, Corixa, Coulter, GSK and Michigan amended their counterclaim to include a claim for infringement of U.S. Patent 6,287,537.

b. District of Delaware Case No. 01-615: Southern District of California Case 02-CV-0508 IEG (RBB): On September 12, 2001, Corixa, Coulter, and GSK filed a complaint in the District Court of Delaware against IDEC alleging patent infringement and for a declaratory judgment of infringement of U.S. Patents 5,595,721, 6,015,542, and 6,090,365. This was assigned Case No. 01-615. On September 28, 2001, Corixa, Coulter, Michigan and GSK filed an Amended Complaint, adding Michigan as a plaintiff. Pursuant to a motion to transfer, this case was transferred to the Southern District of California and assigned Case No. 02-CV- 0508 IEG (RBB). The case was consolidated with Case No. 01-CV-1637 IEG (RBB), and pursuant to court order, was then referred to as Case No. 01-CV-1637 IEG (RBB). Corixa, Coulter, GSK and Michigan filed an Amended Complaint, adding a cause of action for patent infringement of U.S. Patent No. 6,287,537. IDEC has filed counterclaims for declaratory judgment of patent non-infringement and invalidity of U.S. Patents 6,015,542, 6,090,365, 5,595,721, and 6,287,537.

c. Southern District of California Case No. 03-CV-00380 IEG (RBB): On February 25, 2003, IDEC filed a complaint in the Southern District of California against Corixa, Coulter and GSK for infringement of U.S. Reissue Patent No. RE 38,008. This was assigned Case No. 03-CV-00380 IEG (RBB). On April 1, 2003, GSK filed a counterclaim for a declaratory judgment of non-infringement, invalidity, unenforceability and for interference with contractual relations. The cause of action for interference with contractual relations was dismissed by the Court on September 30, 2003. On August 18, 2003, Corixa and Coulter filed a counterclaim for a declaratory judgment of non-infringement, invalidity and unenforceability of U.S. Reissue Patent No. RE 38,008.

d. Southern District of California Case No. 03-CV-1093 IEG (RBB): On June 2, 2003, IDEC filed a complaint against Corixa, Coulter, Michigan and GSK for declaratory judgment of non-infringement, invalidity and unenforceability of U.S. Patent No. 6,565,827. In December, 2003, Corixa, Coulter, Michigan and GSK provided a covenant not to sue Biogen Idec for infringement as to any claim of the '827 patent:

> "Patentees Corixa Corporation, Coulter Pharmaceuticals, the University of Michigan and SmithKline Beecham d/b/a GlaxoSmithKline unconditionally agree not to sue Biogen IDEC for infringement as to any claim of the '827 patent based upon the Zevalin™ or the Zevalin™ Therapeutic Regimen as previously or currently manufactured and sold or any Zevalin™ or the Zevalin™ Therapeutic Regimen as currently approved by the FDA. By this, Patentees' representation to Biogen IDEC extends to infringement for any current or past off label use."

Based upon this covenant not to sue, Biogen Idec dismissed the action without prejudice. This covenant not to sue is memorialized in the following letters: the December 11, 2003, letter from William G. Gaede (counsel for Corixa, Coulter, and Michigan) to James J. Elacqua (counsel for Biogen Idec), and in the December 15, 2003, and December 16, 2003, letters from Martin I. Fuchs (counsel for GSK) to F.T. Alexandra Mahaney (counsel for Biogen Idec), all of which are attached to the Notice of Voluntary Dismissal Without Prejudice filed in this case (the "827 COVENANT NOT TO SUE"). Notwithstanding this AGREEMENT, this '827 COVENANT NOT TO SUE remains in effect.

2. On November 12, 2003, Biogen, Inc. merged with a wholly owned subsidiary of IDEC and IDEC changed its name to "Biogen Idec Inc." On or about November 13, 2003, a Notice of Name Change was filed in THE LAWSUITS changing the name of IDEC to Biogen Idec.

3. Following a course of negotiations and mediation among the PARTIES hereto and their respective counsel, the PARTIES on February 27, 2004, agreed to settle and compromise all disputes, claims and controversies among them relating to the PATENTS IN SUIT, including all claims, counter-claims and cross-claims that were asserted in THE LAWSUITS by any of the PARTIES.

DEFINITIONS

1. "THE KAMINSKI PATENT FAMILY" shall mean (i) U.S. Patents No. 6,015,542, 6,090,365, 5,595,721, 5,843,398, 6,287,537, and 6,565,827; (ii) any patents, including, without limitation, any United States, international or foreign national or regional patents that issue from counterparts applications, continuations, continuations-in-part, divisionals or continued prosecution or renewal applications of any patent application from which any of the foregoing patents set forth in subsection (i) claims priority; and (iii) any patents, including, without limitation, any United States, international or foreign national or regional patents resulting from counterpart applications, reissues, reexaminations, extensions, interferences or oppositions of any of the foregoing.

2. “THE WAHL PATENT FAMILY” shall mean (i) U.S. Patents No. 6,251,362, and 6,022,521; (ii) any patents, including, without limitation, any United States, international or foreign national or regional patents that issue from counterparts applications, continuations, continuations-in-part, divisionals or continued prosecution or renewal applications of any patent application from which any of the foregoing patents set forth in subsection (i) claims priority; and (iii) any patents, including, without limitation, any United States, international or foreign national or regional patents resulting from counterpart applications, reissues, reexaminations, extensions, interferences or oppositions of any of the foregoing.

3. “THE NEORX PATENT FAMILY” shall mean (i) U.S. Reissue Patent No. RE 38,008; (ii) any patents, including, without limitation, any United States, international or foreign national or regional patents that issue from counterparts applications, continuations, continuations-in-part, divisionals or continued prosecution or renewal applications of any patent application from which any of the foregoing patents set forth in subsection (i) claims priority; and (iii) any patents, including, without limitation, any United States, international or foreign national or regional patents resulting from counterpart applications, reissues, reexaminations, extensions, interferences or oppositions of any of the foregoing.

4. “PATENTS IN SUIT” shall mean THE KAMINSKI PATENT FAMILY, THE WAHL PATENT FAMILY and THE NEORX PATENT FAMILY.

5. “ZEVALIN KITS” refers to: (a) any kit containing Ibritumomab Tiuxetan for the preparation of Indium-111 Ibritumomab Tiuxetan and Yttrium-90 Ibritumomab Tiuxetan as currently formulated and approved by the FDA, together with any label expansion thereon related to the treatment of any B-cell malignancies; (b) any modification to the kit described in subpart (a) resulting from a Supplement to the ZEVALIN BIOLOGICS LICENSE APPLICATION (“BLA”), or from a separate BLA that could have been filed with the FDA as a Supplement to the ZEVALIN BLA as determined by the then-current FDA regulations governing the filing of BLAs and BLA supplements; and (c) any modification to the kit described in subpart (a) that consists of separating the components as currently approved into separate kits and/or ceasing to sell one part of the kit (such as ceasing to sell Indium-111 Ibritumomab Tiuxetan). ZEVALIN KITS does not include: (a) the use of ZEVALIN KITS for any indication other than B-cell malignancies; or (b) any products requiring the filing of a new BLA.

6. “NET SALES” shall mean the gross invoiced sales prices charged for all ZEVALIN KITS sold by Biogen Idec, its AFFILIATES or ZEVALIN SUBLICENSEES (but with respect to ZEVALIN SUBLICENSEES, only in the circumstances described in the last sentence of definition 11 below) during a CALENDAR YEAR for ultimate use in the United States, after deduction of the following items:

a. trade, quantity, allowances or cash discounts;

b. amounts repaid or credited by reason of rejection or return of previously sold products, or for rebates or retroactive price reductions (including, without limitation, Medicaid, Medicare, government, commercial and similar types of rebates);

c. all taxes and other governmental charges levied on sale, delivery or use, as applicable (excluding income taxes of any kind);

d. transportation costs prepaid or allowed and costs of insurance in transit, customs duties, surcharges and other governmental charges, to the extent expressly set forth as part of the gross invoiced sales price to the THIRD PARTY;

e. except where redundant with amounts in subparagraph (b) above, credits or allowances given or made for wastage replacement; and

f. periodic adjustment of the provision determined in subsections (a) to (e) to reflect amounts actually incurred.

For the purposes of this NET SALES definition:

(i) Any “sale” that occurs other than in an arm’s-length transaction for fair market value shall be deemed to have occurred at a NET SALES amount equal to the average invoice price for the selling party, less the average permissible deductions for sales occurring during that year for the selling party in arm’s-length transactions. If the selling party did not have any arm’s-length transactions for fair market value during that year, then such sales shall be deemed to have occurred at a NET SALES amount equal to the fair market value of ZEVALIN KITS at that stage of the distribution chain in the United States, as determined by the price charged in arm’s-length transactions by other parties at such stage of the distribution chain in the United States during such calendar year or other evidence of such fair market value.

(ii) A “sale” is deemed to occur upon the earlier to occur of the date the ZEVALIN KITS are shipped or the date of invoice to the purchaser of the ZEVALIN KITS.

(iii) A sale of ZEVALIN KITS among or between Biogen Idec and its AFFILIATES for resale of such ZEVALIN KITS by Biogen Idec or any such AFFILIATE shall not be considered a sale for purposes of this provision. In the case of sales by Biogen Idec or any AFFILIATE to ZEVALIN SUBLICENSEES: (a) except as expressly provided in the last sentence of definition 11, sales to the ZEVALIN SUBLICENSEE shall constitute NET SALES (and the further resale of such ZEVALIN KITS by the ZEVALIN SUBLICENSEE shall be omitted from NET SALES), and (b) in the case described in the last sentence in definition 11 in which the resale by the ZEVALIN SUBLICENSEE is included in NET SALES, then the sale of the ZEVALIN KIT by Biogen Idec or any AFFILIATE to the ZEVALIN SUBLICENSEE shall be omitted from NET SALES.

(iv) A “sale” shall not include transfers or other distributions or dispositions of ZEVALIN KITS, at no-charge, for pre-clinical, clinical or regulatory purposes or to physicians or hospitals for promotional purposes or as free goods supplied to indigent patients or in connection with compassionate use or similar programs.

(v) “Sales” shall also exclude sales of ZEVALIN KITS for ultimate use in a country outside of the United States, noting that, in this regard, the calculation of NET SALES shall exclude ZEVALIN KITS which are sold in the United States for ultimate use in a country outside of the United States, but shall include ZEVALIN KITS which are sold outside of the United States for ultimate use in the United States where such use is intended and licensed by Biogen Idec or its Affiliates.

(vi) If Biogen Idec or any of its AFFILIATES or any ZEVALIN SUBLICENSEES bundles the sale of ZEVALIN KITS with the sale of any other product or service, the portion of the bundled price included in NET SALES shall be the portion of such bundled price allocable to the fair value of the ZEVALIN KITS relative to the fair value of the other elements of the bundled sale (determined on the basis of what would have been charged by Biogen Idec or any such AFFILIATE or ZEVALIN SUBLICENSEE to an unrelated purchaser in an arm’s length transaction).

(vii) If Biogen Idec, its AFFILIATES or ZEVALIN SUBLICENSEES (to the extent provided in the last sentence of definition 11) collect additional payments from a purchasing party, calculated based upon sales of ZEVALIN KITS which are in addition to, and where NET SALES have been calculated from, the gross invoiced sales price to such purchasing party for such ZEVALIN KITS (e.g., in the form of royalties or comparable payments based on resales of ZEVALIN KITS by such purchasing party), then such additional payments shall also be included in calculating NET SALES as received.

7. “THIRD PARTY(IES)” shall mean any person or entity other than a PARTY to this AGREEMENT or their respective AFFILIATES or its or their SUBLICENSEES.

8. “THE ASSERTED CLAIMS” mean claims 1-4, 8, 10, 14, 18, and 22 of U.S. Patent 6,595,721; claims 1-3, 7-8 and 10 of U.S. Patent 6, 015, 542; claims 1-2, 4-5, 7, 19-20, and 23-27 of U.S. Patent No. 6,090,365; and claims 1, 3, 7-9, 11, 13, 15-16, 19-21, 23, 25, 27-28, 31-33, 35,37, 39-41, 44-46, 48, 50 and 52 of U.S. Patent 6,287,537.

9. “AFFILIATES” shall mean with respect to any person or entity, any other person or entity, which controls, is controlled by or is under common control with such person or entity. A person or entity shall be regarded as in control of another entity if it owns or controls, directly or indirectly, (i) in the case of corporate entities at least fifty percent (50%) (or the maximum ownership interest permitted by law, if less than 50%) of the equity securities in the subject entity entitled to vote in the election of directors, and (ii) in the case of an entity that is not a corporation, at least fifty percent (50%) (or the maximum ownership interest permitted by law, if less than 50%) of the equity securities or other ownership interests with the power to direct the management and policies of such entity or entitled to elect the corresponding management authority.

10. “SUBLICENSEE” shall mean any entity or person to whom (i) Biogen Idec has granted (whether before or after the EFFECTIVE DATE) a right to make, have made, use, offer to sell, sell or import a product covered by any of THE KAMINSKI PATENT FAMILY or THE WAHL PATENT FAMILY or (ii) Corixa, Coulter, Michigan and GSK has granted (whether before or after the EFFECTIVE DATE) a right to make, have made, use, offer to sell, sell or import a product covered by any of THE NEORX PATENT FAMILY.

11. “ZEVALIN SUBLICENSEE” shall mean any entity or person to whom Biogen Idec has granted (whether before or after the EFFECTIVE DATE) a right to make, use, sell, offer to sell or import the ZEVALIN KITS, but shall not include any of the following: (a) any pharmacy, radiopharmacy or nuclear medicine pharmacy or facility to the extent it is a recipient of ZEVALIN KITS for preparation and/or administration to one or more particular patients; (b) any hospital or governmental health agency to the extent it is a recipient of ZEVALIN KITS for preparation and/or administration to one or more particular patients; and (c) any physician, nuclear medicine practitioner, licensed health care practitioner to the extent he or she prescribes, prepares and/or administers ZEVALIN to one or more particular patients. Notwithstanding any provision herein to the contrary, sales of ZEVALIN KITS by ZEVALIN SUBLICENSEES shall be included within NET SALES only if the ZEVALIN SUBLICENSEE in question has contractually agreed with Biogen Idec or an AFFILIATE to perform (whether itself or through others), and is substantially responsible for, the promotion and sales of the ZEVALIN KITS; provided, however, that a party entering into a contract sales force arrangement or co-promotion arrangement with Biogen Idec or an AFFILIATE in which Biogen Idec or the AFFILIATE books the sales revenue from the ZEVALIN KITS is not intended to be construed as a ZEVALIN SUBLICENSEE for purposes of the preceding sentence.

12. “CALENDAR YEAR” shall mean the period from January 1st through December 31st.

AGREEMENT

Now, therefore, in consideration of the mutual covenants and agreements contained herein, the sufficiency of which is acknowledged, the PARTIES agree as follows:

1. **DISMISSAL OF LAWSUITS:** The PARTIES shall not pursue any further proceedings in THE LAWSUITS and shall dismiss with prejudice all respective claims, cross- claims and counterclaims pending in THE LAWSUITS. Within five days of execution of this AGREEMENT, the PARTIES shall sign the two attached Notices of Stipulated Dismissal With Prejudice Of All Claims And Counterclaims. Biogen Idec shall cause these Stipulations to be filed with the Court, and shall provide the other PARTIES with a filed-stamp copy of the Stipulations upon receipt.

2. **PAYMENT;** Upon execution of this AGREEMENT and in settlement of all outstanding claims, Biogen Idec will pay to Corixa the sum of [***] United States dollars (U.S. [***] by wire transfer of immediately available funds. Such payment shall become non-refundable and non-creditable against any other amounts due under this AGREEMENT upon entry by the Court of the Notices of Stipulated Dismissals described in paragraph 1 signed by all PARTIES. Any wire transfer payments to Corixa under this Agreement shall be made to the following account, or such other account as Corixa may hereafter designate in writing:

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

Bank	The Commerce Bank of Washington 601 Union Street, Suite 3600 Seattle, WA 98104
ABA Number	125008013
Account	Corixa Corporation
Account Number	001199501

3. **LICENSE GRANTS:**

3.1 LICENSE TO THE KAMINSKI PATENT FAMILY AND THE WAHL PATENT FAMILY:

3.1.1 Corixa, Coulter, Michigan and GSK hereby each grant to Biogen Idec a worldwide, irrevocable, non-exclusive license to THE KAMINSKI PATENT FAMILY and THE WAHL PATENT FAMILY for any and all purposes.

3.1.2 The term of this license shall be from the EFFECTIVE DATE of this AGREEMENT until the date of expiration of the last-to-expire patent of THE KAMINSKI PATENT FAMILY and THE WAHL PATENT FAMILY.

3.1.3 Biogen Idec shall have the irrevocable right to grant sublicenses to THE KAMINSKI PATENT FAMILY and THE WAHL PATENT FAMILY, provided that Biogen Idec incorporates terms and conditions into its sublicense agreements sufficient to enable Biogen Idec to comply with its obligations under this AGREEMENT and the sublicensee expressly agrees to and accepts that the terms and conditions of this AGREEMENT are binding upon it.

3.2 LICENSE TO THE NEORX PATENT FAMILY:

3.2.1 Biogen Idec hereby grants to each of Corixa, Coulter and GSK a worldwide, irrevocable, non-exclusive license to THE NEORX PATENT FAMILY for any and all purposes.

3.2.2 The term of this license shall be from the EFFECTIVE DATE of this AGREEMENT until the date of expiration of the last-to-expire patent of THE NEORX PATENT FAMILY.

3.2.3 Corixa, Coulter and GSK shall have the irrevocable right to grant sublicenses to THE NEORX PATENT FAMILY, provided that they incorporate terms and conditions into their sublicense agreements sufficient to enable Corixa, Coulter and GSK to comply with their obligations under this AGREEMENT and the sublicensee expressly agrees to and accepts that the terms and conditions of this AGREEMENT are binding upon it. Corixa, Coulter and GSK shall each have the power to grant such sublicenses, subject to any separate agreement among such parties.

4. **ROYALTY PAYMENTS:**

4.1 One Time Sales-Based Milestone Payment: Biogen Idec will make a one-time payment of [***] United States dollars (U.S. [***]) to Corixa by wire transfer of immediately available funds within forty-five days of the end of the first CALENDAR YEAR in which NET SALES exceed the sum of [***] United States dollars (U.S. [***]) in that one CALENDAR YEAR, except as provided in paragraph 4.3 below. Such payment shall be non-refundable and non-creditable against any other amounts due under this AGREEMENT.

4.2 Royalty Payments: Biogen Idec will pay to Corixa a [***] royalty on NET SALES occurring between [***], and [***] except as provided in paragraph 4.3 below. These royalty payments will be due within forty-five days after the end of each CALENDAR YEAR during such period, except that the royalty payments with respect to NET SALES during the first twenty-one days of [***] shall be made on or before [***]. Without limitation, this royalty obligation does not apply to any revenues obtained by Biogen Idec or its AFFILIATES or SUBLICENSEES on the sale of Rituxan® in its non-radiolabeled form.

4.3 Exceptions to Requirement of Royalty Payments: Notwithstanding the requirements of paragraphs 4.1 and 4.2, Biogen Idec shall not be obligated to make either the sales-based milestone payment of paragraph 4.1 or the future royalty payments of paragraph 4.2 under any of the following circumstances, provided, however, that any payment made under paragraphs 4.1 and 4.2 prior to such circumstances shall be non-refundable and non-creditable:

4.3.1 Biogen Idec shall not be obligated to make any such payments for any time period after which (a) all of the ASSERTED CLAIMS have expired or have been declared invalid or unenforceable by a final judgment or decree in an action brought by or against a THIRD PARTY, that is not further reviewable because of settlement, exhaustion of all permissible applications for rehearing or review by a superior tribunal, or expiration of the time permitted for such applications (such claims being “INVALID”); and (b) there is no other issued United States patents from THE KAMINSKI PATENT FAMILY with at least one claim that is not INVALID and that, except for this AGREEMENT, would be infringed (including contributorily or by inducement) by the making, use, sale or offer for sale of the ZEVALIN KITS. Furthermore, if there is any time period where U.S. Patent No. [***] is the only patent from THE KAMINSKI PATENT FAMILY with valid and enforceable claims, Biogen Idec also shall not be obligated to pay either the sales-based milestone payment of paragraph 4.1 or the future royalty payments of paragraph 4.2 on the sales of any ZEVALIN KITS which are covered by the ‘827 COVENANT NOT TO SUE.

4.3.2 Biogen Idec shall not be obligated to make any such payments if a change in the design of the ZEVALIN KITS, or in the administration of the components thereof, or in the indications for which the ZEVALIN KITS are used, means that the making, using, selling, offering for sale, or importing of the ZEVALIN KITS would not, in the absence of the license granted herein or any other license to THE KAMINSKI PATENT FAMILY, infringe (including contributorily or by inducement) any claim of any then issued patent of THE KAMINSKI PATENT FAMILY that has not been determined to be INVALID. Biogen Idec hereby acknowledges that the ZEVALIN KITS as currently formulated and approved for sale in the United States are subject to this royalty provision under the ASSERTED CLAIMS of THE KAMINSKI PATENT FAMILY as currently in effect.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

4.3.3 If Biogen Idec believes that any of the royalty payment exceptions identified in paragraphs 4.3.1 or 4.3.2 is applicable, it shall provide Corixa with written notice of such belief and the basis thereof and identify the sales that it believes are subject to such exception (provided, however, that no sales prior to the date notice is delivered pursuant to this paragraph 4.3.3 shall be subject to such exception) (the "EXCEPTION SALES"). The PARTIES agree to resolve any dispute about these issues through the dispute mechanism of paragraph 12. In pursuing any such dispute resolution with respect to paragraphs 4.3.1 and 4.3.2 only, the only issue for determination in such dispute resolution shall be whether the EXCEPTION SALES infringe the claims, as properly construed, of any then issued patents of THE KAMINSKI PATENT FAMILY that have not been separately determined to be INVALID and which are not subject of the '827 COVENANT NOT TO SUE. In pursuing any such dispute resolution with respect to paragraphs 4.3.1 and 4.3.2 only, the Court's Claim Construction Order dated May 28, 2003, construing the meaning of certain terms appearing in the ASSERTED CLAIMS (the "CONSTRUED TERMS") shall be binding with respect to the construction of: (1) the ASSERTED CLAIMS; and (2) the CONSTRUED TERMS appearing in the non-ASSERTED CLAIMS of the '721, '542, '365 and '537 Patents. However, this Claim Construction Order shall not be binding on the construction of such claims if such claims have been amended or are the subject of further prosecution (such as a reissue or reexamination), and shall not be binding on the claim construction of the claims of any other patent of THE KAMINSKI PATENT FAMILY. A determination that EXCEPTION SALES are not royalty-bearing shall not affect the royalty-bearing nature of any other sales of ZEVALIN KITS that arc properly the subject of the royalty provisions hereunder.

4.3.4 If disputed by Corixa, Biogen Idec will pay Corixa royalties on the EXCEPTION SALES until it has obtained either the written consent of Corixa to terminate such payments or a final determination (a judgment that is not further reviewable because of settlement, exhaustion of all permissible applications for rehearing or review by a superior tribunal, or expiration of the time permitted for such applications) that such EXCEPTION SALES are subject to either the paragraph 4.3.1 or 4.3.2 royalty payment exception. Any and all royalty payments made on EXCEPTION SALES which sales occurred after the written notice required by 4.3.3 are refundable as long as Biogen Idec, within six (6) months of the written notice, files a lawsuit or initiates an alternative mutually-agreed-upon dispute resolution mechanism to resolve the issue of whether the royalty payment exception of paragraph 4.3.1 and/or 4.3.2 is applicable. Alternatively, if Biogen Idec does not file a lawsuit or alternative dispute resolution mechanism within six (6) months of the written notice, then only those royalty payments made on EXCEPTION SALES which occurred after the filing of the lawsuit or alternative dispute resolution mechanism are refundable. If it is determined by agreement or through final determination that some or all of the EXCEPTION SALES were subject to either the paragraph 4.3.1 or 4.3.2 royalty payment exception, then, within forty-five (45) days of such determination or agreement, Corixa will refund to Biogen Idec any and all such refundable royalties paid on those EXCEPTION SALES plus interest at the rate of two percent (2%) over prime rate of interest as published in the Federal Reserve Bulletin H.15 or a successor bulletin thereto calculated from the date of receipt by Corixa. Interest shall be compounded annually, on each January 1. GSK will be severally liable with Corixa for the payment to Biogen IDEC of this refund plus interest.

4.4 Sales by AFFILIATES and ZEVALIN SUBLICENSEES: If Biogen Idec authorizes any AFFILIATE or ZEVALIN SUBLICENSEE to sell ZEVALIN KITS or any part thereof that creates a royalty obligation under this AGREEMENT, such agreement shall include an obligation for such AFFILIATE or ZEVALIN SUBLICENSEE to account for and report its NET SALES of ZEVALIN KITS in the same manner as if such sales had been made by Biogen Idec, and Biogen Idec shall pay royalties to Corixa as if the sales of such AFFILIATE or ZEVALIN SUBLICENSEE had been sales of Biogen Idec.

4.5 Reports: As to any CALENDAR YEAR from [***] through [***], Biogen Idec shall within forty-five (45) days of the end of such CALENDAR YEAR furnish Corixa a written report of NET SALES of ZEVALIN KITS in the United States during such preceding CALENDAR YEAR (except that such report for the first twenty-one days of the year 2014 shall be due [***]). Such report shall include the determination of NET SALES, setting forth the quantity of units sold and otherwise distributed, amount of gross receipts and deductions taken from gross receipts to arrive at NET SALES and the determination of royalty owed on NET SALES. Concurrently with each report, Biogen Idec shall make the royalty payment then due to Corixa. Payments shall be in U.S. dollars, and, unless, otherwise agreed in writing, shall be made by wire transfer of immediately available funds to such account of Corixa as Corixa may from time to time designate in writing. If no royalties are due, the report shall so state.

4.6 Audits: Biogen Idec shall keep, and shall exercise commercially reasonable efforts to cause those AFFILIATES and ZEVALIN SUBLICENSEES identified in paragraph 4.4 to keep, true, complete and accurate records of all sales of ZEVALIN KITS upon which royalties are due in accordance with GAAP, and in sufficient detail to confirm the accuracy of Biogen Idec's royalty calculations. At Corixa's request and expense, Biogen Idec shall permit, no more than once in a twelve month period, an independent certified public accountant, appointed by Corixa and acceptable to Biogen Idec, to examine, at Biogen Idec's principal place of business, upon reasonable notice and at reasonable times, the records of Biogen Idec and such records as Biogen Idec collects from those AFFILIATES and ZEVALIN SUBLICENSEES identified in paragraph 4.4, solely to the extent necessary to verify the royalty calculations; provided that Biogen Idec may require such accountant to enter into a customary confidentiality agreement. Biogen Idec shall be responsible for providing access to such records that in the ordinary course of business are in the possession or control of those AFFILIATES and ZEVALIN SUBLICENSEES identified in paragraph 4.4. Such examination shall be limited to a period of time no more than three (3) years immediately preceding the request for examination. The report of any such examination shall be made simultaneously to Corixa and Biogen Idec and shall simply report the amount, if any, by which Biogen Idec has overpaid or underpaid its royalties. If Biogen Idec's royalties are found to be in error such that royalties to Corixa were underpaid, then Biogen Idec shall promptly pay the deficiency plus interest at the rate of two percent (2%) over prime rate of interest as published in the Federal Reserve Bulletin H.15 or a successor bulletin thereto, from time to time (with interest to be compounded annually, on each January 1); and if royalties to Corixa were underpaid by more than five percent (5%), then Biogen Idec shall additionally reimburse Corixa for its reasonable out-of-pocket costs incurred in examining such records. In the event that an audit determines that Biogen Idec has overpaid royalties to Corixa for one or more audited CALENDAR YEARS, Biogen Idec shall be entitled to credit any such overpayment against royalties payable in the next CALENDAR YEAR. Corixa shall treat all financial information subject to review under this Section 4.6 as confidential, and shall cause its accounting firm to treat all such financial information in confidence. Biogen Idec shall contractually obligate each ZEVALIN SUBLICENSEE identified in paragraph 4.4 to agree to maintain records sufficient to audit the calculation of NET SALES by such sublicensee, and to permit audits in accordance with this paragraph 4.6.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

4.7 Dispute Over Payments Under Paragraphs 4.1 And 4.2: In the event that Corixa, Coulter, Michigan and GSK believe that Biogen Idec has not complied with its obligations under paragraphs 4.1 or 4.2, they shall provide Biogen Idec with written notice thereof. This written notice shall provide an explanation of the nature of the alleged lack of compliance and the actions believed to be necessary to cure such lack of compliance. Biogen Idec shall have forty-five (45) days from receipt of such written notice to comply with such notice or to provide written notice that it disputes the allegation that it is not in compliance with paragraph 4.1 or 4.2. If Biogen Idec provides written notice that it disputes the allegation that it is not in compliance with paragraph 4.1 or 4.2, then the PARTIES will have a thirty-day time period to negotiate in good faith the dispute and attempt to reach a resolution thereof. If the PARTIES are unable to reach resolution, then the PARTIES shall submit the dispute to a mediator for non-binding resolution according to the provisions of paragraph 12.

5. **WARRANTIES:**

5.1 Corixa, Coulter, Michigan and GSK warrant that: (i) they together have a sufficient ownership interest in THE KAMINSKI PATENT FAMILY and THE WAHL PATENT FAMILY to grant the licenses set forth in paragraph 3.1 above (including, without limitation, such that no further license from any party claiming an interest in any portion of THE KAMINSKI PATENT FAMILY or THE WAHL PATENT FAMILY will be required by Biogen Idec, or any assignee or sublicensee of Biogen Idec hereunder, under THE KAMINSKI PATENT FAMILY or THE WAHL PATENT FAMILY in order to practice the license granted in paragraph 3.1); and (ii) they have the right to grant the licenses, with right to sublicense, described in such paragraph 3.1.

5.2 Biogen Idec warrants that: (i) it has a sufficient ownership interest in THE NEORX PATENT FAMILY to grant the licenses set forth in paragraph 3.2 above (including, without limitation, such that no further license from any party claiming an interest in any portion of THE NEORX PATENT FAMILY will be required for Corixa, Coulter and GSK, or any assignee or sublicensee of Corixa, Coulter or GSK hereunder, under THE NEORX PATENT FAMILY in order to practice the license granted in paragraph 3.2); and (ii) it has the right to grant the licenses, with right to sublicense, described in such paragraph 3.2.

5.3 The PARTIES hereby warrant to each other that they have not sold, assigned, transferred, conveyed or otherwise disposed of any claim or other right or interest inconsistent with this AGREEMENT.

5.4 Each PARTY shall indemnify and hold the other PARTY(IES), its AFFILIATES and its and their SUBLICENSEES, harmless against any and all claims, demands, actions, proceedings, liabilities, losses, damages, costs, and expenses, including, without limitation, reasonable expert witness and attorneys' fees and costs arising from or related to any suit or claim by a THIRD PARTY which is based upon a breach of the representations and warranties made by the representing PARTY in sections 5.1 to 5.3 above.

6. **NO CHALLENGES TO EACH OTHER'S LICENSED PATENTS:**

6.1 NO CHALLENGES RE KAMINSKI PATENT FAMILY AND WAHL PATENT FAMILY

6.1.1 Coulter, Corixa, GSK and Michigan hereby each agree that neither it nor any AFFILIATE or any licensee or sublicensee of THE KAMINSKI PATENT FAMILY or WAHL PATENT FAMILY will file or prosecute, or encourage or assist directly or indirectly any THIRD PARTY in filing or prosecuting, any claim, or lawsuit, or claim, cross-claim or counterclaim for patent infringement of any of THE KAMINSKI PATENT FAMILY and WAHL PATENT FAMILY against the following persons or entities: (a) any pharmacy, radiopharmacy or nuclear medicine pharmacy or facility to the extent it is a recipient of ZEVALIN KITS for preparation and/or administration to one or more particular patients; (b) any hospital or governmental health agency to the extent it is a recipient of ZEVALIN KITS for preparation and/or administration to one or more particular patients; (c) any physician, nuclear medicine practitioner or licensed health care practitioner to the extent he or she prescribes, prepares, and/or administers ZEVALIN to one or more particular patients; (d) any health care insurance company; or (e) Biogen Idec, its AFFILIATES and any SUBLICENSEES of the foregoing as well as any of their distributors, importers, exporters, wholesalers, manufacturers and customers. Subpart (e) of this paragraph 6.1.1 shall be null and void and of no further force or effect solely with respect to any of Biogen Idec, its AFFILIATES or any of its SUBLICENSEES that breach any provisions of this Section 6.

6.1.2 Biogen Idec agrees that neither it nor any AFFILIATE will initiate or prosecute, or encourage or assist directly or indirectly any THIRD PARTY in initiating or prosecuting, any claim, or lawsuit, or claim, cross-claim or counterclaim in any lawsuit, or any administrative proceeding (including without limitation any proceeding with the United States Patent and Trademark Office or its counterpart agency in any other country) challenging the validity, inventorship or enforceability of THE KAMINSKI PATENT FAMILY and WAHL PATENT FAMILY, except as required by law *(e.g. such as responding to subpoena for* documents or testimony). As to THE KAMINSKI PATENT FAMILY and THE WAHL PATENT FAMILY, Biogen Idec, its AFFILIATES, and any SUBLICENSEE hereunder (but solely for the duration of their sublicense, as provided in paragraph 6.1.3), waive any and all invalidity, inventorship and unenforceability defenses in any future litigation, arbitration, or other legal or administrative proceeding; provided, however, that nothing in this paragraph prevents Biogen Idec or its AFFILIATES or its SUBLICENSEES from:

(i) challenging the validity, enforceability, inventorship or scope of claims 10-18 of U.S. Patent No. 6,090,365 and any patent claim not issued in THE KAMINSKI PATENT FAMILY and WAHL PATENT FAMILY as of the date of this Agreement in the context of Biogen Idec or its AFFILIATES or its SUBLICENSEES', as applicable, filing, prosecuting, defending or enforcing (including but not limited to, the conduct of any interferences including those conducted in the Patent and Trademark Office and actions brought under 35 U.S.C. §146 and §291, reexaminations, reissues, oppositions, or requests for patent term extensions relating thereto) any intellectual property rights that the applicable entity owns or controls (other than THE KAMINSKI PATENT FAMILY and WAHL PATENT FAMILY), except that , in the context of any enforceability challenge, Biogen Idec, its AFFILIATES and, subject to paragraph 6.1.3, its SUBLICENSEES expressly waive the right to raise, assert, use or rely on any acts that occurred before the date of this Agreement;

(ii) asserting any and all defenses available to Biogen Idec, its AFFILIATES and its SUBLICENSEES in any suit or claim brought by a THIRD PARTY against them, including, without limitation, assertions relating to the validity, enforceability, inventorship or scope of any patent in THE KAMINSKI PATENT FAMILY and WAHL PATENT FAMILY; and

(iii) asserting any and all defenses available to Biogen Idec, its AFFILIATES and its SUBLICENSEES in any suit brought against them or their SUBLICENSEES, distributors, importers, exporters, wholesalers, manufacturers, or customers for patent infringement of any patent of THE KAMINSKI PATENT FAMILY or WAHL PATENT FAMILY, including, without limitation, assertions relating to the validity, enforceability, inventorship or scope of any patent in THE KAMINSKI PATENT FAMILY and WAHL PATENT FAMILY.

6.1.3 Biogen Idec agrees that, if it grants any sublicense to THE KAMINSKI PATENT FAMILY and WAHL PATENT FAMILY as permitted under paragraph 3.1.3 of this AGREEMENT, such sublicense will include an obligation on the part of the intended SUBLICENSEE to be bound by paragraph 6.1.2 for the duration of such sublicense, provided however, that such intended SUBLICENSEE may have the right to terminate the sublicense and thereafter be no longer bound by paragraph 6.1.2.

6.1.4 Corixa, Coulter, Michigan and GSK each agree that, if it grants any sublicense to THE KAMINSKI PATENT FAMILY and WAHL PATENT FAMILY after the EFFECTIVE DATE of this AGREEMENT, such sublicense will include an obligation on the part of such intended SUBLICENSEE to be bound by paragraph 6.1.1 for the duration of such sublicense.

6.2 **NO CHALLENGES RE NEORX PATENT FAMILY**

6.2.1 Biogen Idec hereby agrees that neither it nor any AFFILIATE or any licensee or sublicensee of THE NEORX PATENT FAMILY will file or prosecute, or encourage or assist directly or indirectly any THIRD PARTY in filing or prosecuting, any claim, or lawsuit, or claim, cross-claim or counterclaim for patent infringement of any of THE NEORX PATENT FAMILY against the following persons or entities: (a) any pharmacy, radiopharmacy or nuclear medicine pharmacy or facility to the extent it is a recipient of BEXXAR for preparation and/or administration to one or more particular patients; (b) any hospital or governmental health agency to the extent it is a recipient of BEXXAR for preparation and/or administration to one or more particular patients; (c) any physician, nuclear medicine practitioner or licensed health care practitioner to the extent he or she prescribes, prepares, and/or administers BEXXAR to one or more particular patients; (d) any health care insurance company; and (e) Corixa, Coulter, GSK, their AFFILIATES and any SUBLICENSEES of the foregoing as well as any of their distributors, importers, exporters, wholesalers, manufacturers, or customers. Subpart (e) of this paragraph 6.2.1 shall be null and void and of no further force or effect solely with respect to any of Corixa, Coulter, GSK, their AFFILIATES or any of their SUBLICENSEES that breach any provisions of this Section 6.

6.2.2 Corixa, Coulter, and GSK each agree that neither they nor any AFFILIATE will initiate or prosecute, or encourage or assist directly or indirectly any THIRD PARTY in initiating or prosecuting, any claim, or lawsuit, or claim, cross-claim or counterclaim in any lawsuit, or any administrative proceeding (including without limitation any proceeding with the United States Patent and Trademark Office or its counterpart agency in any other country) challenging the validity, inventorship or enforceability of THE NEORX PATENT FAMILY, except as required by law *(e.g.*, such as responding to subpoena for documents or testimony). As to THE NEORX PATENT FAMILY, Corixa, Coulter and GSK, its AFFILIATES, and any SUBLICENSEE hereunder (but solely for the duration of their sublicense, as provided in paragraph 6.2.3), waive any and all invalidity, inventorship and unenforceability defenses in any future litigation, arbitration, or other legal or administrative proceeding; provided, however, that nothing in this paragraph prevents Corixa, Coulter and GSK or their AFFILIATES or SUBLICENSEES; and provided however, that nothing in this paragraph prevents Corixa, Coulter, and GSK or their AFFILIATES or SUBLICENSEES from:

(i) challenging the validity, enforceability, inventorship or scope of any patent claim in THE NEORX PATENT FAMILY in the context of Corixa, Coulter, and GSK or any of their AFFILIATES or their SUBLICENSEES's, as applicable, filing, prosecuting, defending or enforcing (including but not limited to, the conduct of any interferences including those conducted in the Patent and Trademark Office and actions brought under 35 U.S.C. §146 and §291, reexaminations, reissues, oppositions, or requests for patent term extensions relating thereto) any intellectual property rights that the applicable entity owns or controls (other than THE NEORX PATENT FAMILY), except that in the context of any enforceability challenge, Corixa, Coulter and GSK, their AFFILIATES and, subject to paragraph 6.2.3, their SUBLICENSEES expressly waive the right to raise, assert, use or rely on any acts that occurred before the date of this Agreement;

(ii) asserting any and all defenses available to Corixa, Coulter, and GSK and any of their AFFILIATES and SUBLICENSEES in any suit or claim brought by a THIRD PARTY against them, including, without limitation, assertions relating to the validity, enforceability, inventorship or scope of any patent in THE NEORX PATENT FAMILY; and

(iii) asserting any and all defenses available to Corixa, Coulter, and GSK and any of their AFFILIATES and SUBLICENSEES in any suit brought against them or their SUBLICENSEES, distributors, importers, exporters, wholesalers, manufacturers, or customers for patent infringement of any patent of THE NEORX PATENT FAMILY, including, without limitation, assertions relating to the validity, enforceability, inventorship or scope of any patent in THE NEORX PATENT FAMILY.

6.2.3 Corixa, Coulter and GSK each agree that, if they grant any sublicense to THE NEORX PATENT FAMILY as permitted under paragraph 3.2.3 of this AGREEMENT, such sublicense will include an obligation on the part of the intended SUBLICENSEE to be bound by paragraph 6.2.2 for the duration of such sublicense; *provided however,* that such intended SUBLICENSEE may have the right to terminate the sublicense and thereafter be no longer bound by paragraph 6.2.2.

6.2.4 Biogen Idec agrees that, if it grants any sublicense to THE NEORX PATENT FAMILY after the EFFECTIVE DATE of this AGREEMENT, such sublicense will include an obligation on the part of such intended SUBLICENSEE to be bound by paragraph 6.2.1 for the duration of such sublicense.

7. **RELEASES**:

7.1 Corixa, Coulter, Michigan and GSK, for themselves and their agents, successors, assigns, employees, representatives and attorneys, hereby release and discharge Biogen Idec and its respective present or former officers, directors, stockholders, employees, agents, AFFILIATES, partners, predecessors, successors, heirs, executors, assigns and attorneys from any and all claims, demands, actions, rights, causes of action, debts, obligations, costs, expenses, attorneys' fees, damages, and liabilities of any kind or nature or character whatsoever whether known or unknown, suspected or unsuspected, actual or potential, absolute or contingent, pending or anticipated, which relate to any and all allegations or claims of infringement of any patents of THE KAMINSKI PATENT FAMILY and THE WAHL PATENT FAMILY with respect to any acts committed prior to the EFFECTIVE DATE of this AGREEMENT, any and all claims that were or could have been made in THE LAWSUITS, any and all claims which arise out of or are connected to any occurrence or conduct alleged or referred in THE LAWSUITS which occurred prior to the EFFECTIVE DATE of this AGREEMENT, and any and all claims which arise out of or are connected to the filing, prosecution, and defense of THE LAWSUITS.

7.2 Biogen Idec, for itself and its agents, successors, assigns, employees, representatives and attorneys, hereby releases and discharges Corixa, Coulter, Michigan and GSK and their respective present or former officers, directors, stockholders, employees, agents, AFFILIATES, partners, predecessors, successors, heirs, executors, assigns and attorneys from any and all claims, demands, actions, rights, causes of action, debts, obligations, costs, expenses, attorneys' fees, damages, and liabilities of any kind or nature or character whatsoever whether known or unknown, suspected or unsuspected, actual or potential, absolute or contingent, pending or anticipated, which relate to any and all allegations and claims of infringement of any patents of THE NEORX PATENT FAMILY with respect to any acts committed prior to the EFFECTIVE DATE of this AGREEMENT, any and all claims that were or could have been made in THE LAWSUITS, any and all claims which arise out of or are connected to any occurrence or conduct alleged or referred in THE LAWSUITS which occurred prior to the EFFECTIVE DATE of this AGREEMENT, and any and all claims which arise out of or are connected to the filing, prosecution, and defense of THE LAWSUITS.

7.3 It is specifically understood that this AGREEMENT may be pleaded as a full and complete defense to, and may be used as a basis for an injunction against any action, suit, or other proceeding, which may be instituted, prosecuted, or attempted in breach of this AGREEMENT.

8. **WAIVER OF CIVIL CODE 1542**: The PARTIES specifically understand, acknowledge and agree that this is a full and final release, applying to any and all of the claims released in paragraphs 7.1 and 7.2, whether known or unknown. The PARTIES, having been fully advised by their respective counsel, hereby expressly waive the benefit of the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows, and under all federal, state and common-law statutes or principles of similar effect:

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

9. **NO OTHER LICENSES:**

9.1 The licenses granted hereunder are limited to those patent families specifically identified. Nothing in this AGREEMENT or the course of dealings between the PARTIES or usage or custom in the industry or trade shall be construed to confer any other rights or licenses to any other patents by implication, estoppel or otherwise.

9.2 Without limitation of the foregoing, this AGREEMENT does not grant any license under any patents (including U.S. Patent No. [***]) issuing from the application for United States Letter Patent Serial No. [***], filed September 5, 1986, for the invention titled [***].

9.3 Furthermore, Biogen IDEC agrees that it has released and shall never assert any claim or defense of an implied license under any theory or course of dealing, including under the September 1991 license agreement between IDEC Pharmaceuticals, Inc. and Coulter Corporation, to any of the patents in THE KAMINSKI PATENT FAMILY in connection with any patents (including U.S. Patent No. [***] issuing from the application for United States Letter Patent Serial No. [***], filed September 5, 1986, for the invention titled [***].

10. **ASSIGNMENTS OF RIGHTS**:

10.1 Biogen Idec may not assign or transfer its rights and obligations under this AGREEMENT to a non-AFFILIATE that does not purchase substantially all of Biogen Idec's rights associated with ZEVALIN® without each of Corixa, Coulter, Michigan and GSK's consent, which shall not be unreasonably withheld. The failure to respond in writing to a written request for consent within 30 days shall be deemed to be consent. Each of Corixa, Coulter, Michigan and GSK may not assign or transfer its rights and obligations under this AGREEMENT to a non-AFFILIATE that does not purchase substantially all of their rights associated with BEXXAR® without Biogen Idec's consent, which shall not be unreasonably withheld. The failure to respond in writing to a written request for consent within 10 days shall be deemed to be consent. Such assignments or transfers shall include in writing terms and conditions sufficient to obligate such assignee or transferee to comply with the assignor's obligations under this AGREEMENT. In all instances, the following obligations shall remain binding upon the initial PARTIES notwithstanding any assignment or transfer: paragraphs; 1, 5.4, 6, 7, 8, 9,12,14 and 15. Except as provided otherwise in this paragraph, in the event of any assignment or transfer, the assignor's obligations will be passed on to the assignee without further recourse to the assignor.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

10.2 Biogen Idec may assign or otherwise transfer part or all of the rights, title or interest to THE NEORX PATENT FAMILY, provided that any such assignment or transfer includes terms and conditions sufficient to obligate any such assignee or transferee to comply with Biogen Idec's obligations under this AGREEMENT with respect to THE NEORX PATENT FAMILY, including, without limitation, (i) an acknowledgement of the licenses granted under paragraph 3.2 above and (ii) agreement to the covenant not to sue set forth in paragraph 6.2.1 above.

10.3 Biogen Idec may assign or otherwise transfer part or all of the rights, title or interest to the ZEVALIN KITS, provided that any such assignment or transfer includes terms and conditions sufficient to obligate any such assignee or transferee to comply with Biogen Idec's obligations under this AGREEMENT with respect to the ZEVALIN KITS, including, without limitation, agreement to make the reports and to pay the amounts set forth in paragraph 4 above.

10.4 Biogen Idec may assign or transfer its rights and obligations under this AGREEMENT to an AFFILIATE that does not purchase substantially all of Biogen Idec's rights associated with ZEVALIN®, provided that Biogen Idec remains responsible for the performance by the assignee of its obligations under this AGREEMENT.

10.5 Coulter, Corixa, Michigan and GSK may assign or otherwise transfer part or all of the rights, title or interest to THE KAMINSKI PATENT FAMILY and THE WAHL PATENT FAMILY, provided that any such assignment or transfer includes terms and conditions sufficient to obligate any such assignee or transferee to comply with the obligations of Coulter, Corixa, Michigan and GSK under this AGREEMENT with respect to THE KAMINSKI PATENT FAMILY and THE WAHL PATENT FAMILY, including, without limitation, (i) an acknowledgement of the licenses granted under paragraph 3.1 above and (ii) agreement to the covenant set not to sue forth in paragraphs 6.1.1 above.

11. **TERM:** This AGREEMENT shall come into force as of the EFFECTIVE DATE and shall continue in full force and effect, until the expiration of the last to expire of any of THE KAMINSKI PATENT FAMILY, WAHL PATENT FAMILY or NEORX PATENT FAMILY, except that paragraphs 4 and 12 of this AGREEMENT, and all other provisions necessary to interpret and give effect to paragraph 4, shall remain in full force and effect until all milestone payments and royalties that accrued under paragraph 4 prior to the expiration of such patents have been paid and any related disputes have been resolved, and except that the confidentiality provisions of paragraph 15 shall remain in full force and effect without expiration.

12. **AGREEMENT TO MEDIATE DISPUTES OR CLAIMS ARISING FROM AGREEMENT**: If a dispute arises out of or relates to this AGREEMENT, or the breach thereof, the Parties agree to first attempt to resolve the dispute through negotiation. If the dispute cannot be settled through negotiation, the PARTIES agree to next try in good faith to settle the dispute by mediation before resorting to arbitration, litigation, or some other dispute resolution procedure. Notwithstanding this paragraph 12, any PARTY may commence and pursue litigation or administrative remedies with respect to disputes arising out of or relating to this AGREEMENT (i) ninety (90) days following an initial written notice of such dispute to the other PARTIES or (ii) at any time, in the event that a PARTY files in a court of competent jurisdiction a motion for temporary restraining order, preliminary injunction or similar equitable relief which solely involve paragraphs 6 or 15 of this AGREEMENT.

13. **NOTICES**: Any notice, request, approval or other document required or permitted to be given under this AGREEMENT shall be in written and shall be delivered by an overnight courier service (such as Federal Express) or by certified or registered mail, return receipt requested, addressed as follows, or to such other address or fax number as the PARTY may have subsequently designated by written notice to all other PARTIES:

13.1 If to Biogen Idec:

Biogen Idec Inc.
14 Cambridge Center
Cambridge, MA 02142
Attention: General Counsel
Fax No.: 617-679-2838

13.2 If to Corixa or Coulter:

Corixa Corporation
1124 Columbia Street, Suite 200
Seattle WA 98104
Attention: General Counsel
Fax No.: 206-754-5994
Coulter Corporation
c/o Corixa Corporation
[At the same address and fax number as above]

13.3 If to Michigan:

Director of Licensing
Attention: File 1009
University of Michigan
Office of Technology Transfer
2071 Wolverine Tower
3003 S. State Street
Ann Arbor, MI 48109-1280
Fax No.: 734-936-1330

13.4 If to GSK:

SmithKline Beecham Corporation,
doing business as GlaxoSmithKline
Corporate Law Department
One Franklin Plaza
20 N. 16th Street
Philadelphia, PA 19006
Attention: Senior Vice President & General Counsel
Fax No.: 610-270-5713

14. **COSTS AND FEES**: Each PARTY shall bear its own costs, attorneys' fees and other expenses, incurred in connection with THE LAWSUITS and this AGREEMENT.

15. **CONFIDENTIALITY**:

15.1 This AGREEMENT, and all its terms, shall be maintained in confidence by the PARTIES, provided that any PARTY may make such disclosures required by law, including financial or corporate reporting obligations. Notwithstanding the foregoing, each PARTY may state the existence and amount of the upfront payment in their financial reports, and may state that THE LAWSUITS between the PARTIES have settled with the payment by Biogen Idec of an upfront settlement payment, a sales-based milestone payment, and a royalty payment on United States sales of ZEVALIN® KITS. Each PARTY may disclose, and provide copies of this AGREEMENT and its terms to AFFILIATES and financial, accounting, tax and securities law advisors, who shall each agree to identical nondisclosure obligations as set forth in this section 15. Furthermore, notwithstanding the foregoing, a PARTY may disclose the terms of this Agreement to an actual or potential AFFILIATE, SUBLICENSEE or a potential acquirer of a PARTY or certain of its assets including those subject to this AGREEMENT, as reasonably necessary to the conduct of the PARTY'S business, provided that such disclosure is accompanied by an agreement obligating the party receiving the information to keep the information confidential. Michigan may disclose the financial terms of this AGREEMENT to its inventors of THE KAMINSKI PATENT FAMILY, who shall each agree in writing to identical nondisclosure obligations as set forth in this paragraph 15.

15.2 In the event that a PARTY is served with a legal document demanding the production or disclosure of this AGREEMENT or the terms or provisions of this AGREEMENT, such Party shall give notice of the same to the other PARTIES as soon as practicable and in any event shall not produce or disclose the terms of this AGREEMENT until the other PARTIES have received notice and have had an opportunity to oppose the demand if appropriate. In the event that a PARTY is advised in good faith by legal counsel that disclosure of any of the terms or provisions of this AGREEMENT is required pursuant to the reporting requirements of any law (including but not limited to the reporting requirements of the Securities Exchange Commission or related law or regulations or comparable laws or regulations in a foreign country), then such PARTY shall provide notice of the intended public disclosure (including the precise language of the disclosure) to the other undersigned PARTIES at least 48 hours before making such disclosure. The Protective Order entered in the Lawsuits shall survive dismissal and be complied with by the PARTIES per its terms.

16. **SUCCESSORS**: This AGREEMENT shall inure to the benefit of and be binding upon the PARTIES' respective successors and assigns.

17. **COUNTERPARTS**: This AGREEMENT may be executed in several counterparts, and shall be effective when so executed by all PARTIES identified below and thereupon shall constitute one agreement, binding on all PARTIES hereto, notwithstanding that all PARTIES are not signatory to the original or the same counterpart.

18. **FINAL EXPRESSION OF AGREEMENT**: Except for the '827 COVENANT NOT TO SUE and the Settlement and License Agreement entered into between SmithKline Beecham Corporation and Idec Pharmaceuticals Corporation dated November 14, 2002, this AGREEMENT and all associated papers represent and contain the entire agreements among the PARTIES with respect to the subject matter of this AGREEMENT, and supersedes any and all prior or contemporaneous oral and written negotiations, agreements and understandings, including the Memorandum of Agreement dated February 27, 2004. No representation, warranty, condition, understanding or agreement of any kind with respect to the subject matter hereof shall be relied upon by the PARTIES except those expressly contained herein. This AGREEMENT may not be amended or modified or waived except as agreed in writing by all PARTIES.

19. **PORTION VOID:** Should any word, clause, phrase, or portion of this AGREEMENT be judicially declared to be to any extent void or unenforceable, such portion shall be construed as if it were written so as to effectuate, to the maximum extent possible and enforceable, the PARTIES' intent, and in any event such portion shall be considered independent and severable from the remainder of the AGREEMENT, the validity of which shall remain unaffected.

20. **DRAFTED BY THE PARTIES**: In the event of a dispute, this AGREEMENT shall be interpreted in accordance with its fair meaning and shall not be interpreted for or against any PARTY hereto on the ground that such PARTY drafted or caused to be drafted this AGREEMENT or any part thereof. Accordingly, the PARTIES agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting PARTY shall not be employed in the interpretation of this AGREEMENT.

21. **GOVERNING LAW**: This AGREEMENT is made pursuant to, and shall be governed by, the internal laws of the State of California. The PARTIES agree that this AGREEMENT shall be enforceable in any court of competent jurisdiction within the State of California.

22. **ADVICE OF COUNSEL**: The PARTIES hereto acknowledge that they have each consulted, conferred with, and obtained the advice of their respective legal counsel, prior to executing this AGREEMENT; that they have entered into and executed this AGREEMENT voluntarily and with full knowledge and appreciation of the meaning, scope, effect and significance of each and every provision contained herein; and that they do not rely and have not relied upon any representation or statement made by any other PARTY or any of their representatives or attorneys with regard to the subject matter, consideration, scope, basis or effect and significance of this AGREEMENT.

23. **NO ADMISSION OF LIABILITY**: It is understood and agreed that this AGREEMENT is a compromise of disputed claims and that the offer and acceptance of consideration by the PARTIES is not to be construed as admission of liability by any PARTY, which liability is expressly denied.

24. **KNOWING AND VOLUNTARY EXECUTION**: The PARTIES hereto, and each of them, further represent and declare that they have carefully read this AGREEMENT and know the contents thereof and that they sign the same freely and voluntarily.

IN WITNESS WHEREOF the PARTIES have executed this AGREEMENT on the dates indicated below. The signatories below represent that they have the authority to sign for the entity for which they sign and that their signature is binding upon that entity.

BIOGEN IDEC INC.

By: /s/ William R. Rohn
William R. Rohn
Its: Chief Operating officer
Dated: 5/7, 2004

CORIXA CORPORATION

By: /s/ Signature Illegible
Its: Sr. VP, General Counsel & Secretary
Dated: May 7, 2004

COULTER PHARMACEUTICAL INC.

By: /s/ Signature Illegible
Its: Secretary
Dated: May 7, 2004

SMITHKLINE BEECHAM CORPORATION, d/b/a GlaxoSmithKline

By: /s/ Donald Parman
Its: Vice President and Secretary
Dated: May 7, 2004

REGENTS OF THE UNIVERSITY OF MICHIGAN

By: /s/ Kenneth J. Nisbet
Its: Executive Director, UM Technology Transfer
Dated: May 6, 2004

Exhibit 10.13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into the 28th day of August, 2012 by and between Spectrum Pharmaceuticals, Inc. (hereinafter referred to as the "Company"), and Joseph Kenneth Keller ("Executive"). In consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. EMPLOYMENT.

1.1 **Position**. Subject to the terms and conditions set forth in this Agreement, the Company agrees to employ Executive as the Company's Executive Vice President and Chief Operating Officer, reporting directly to the Rajesh C. Shrotriya, M.D., the Company's Chief Executive Officer. Executive shall begin his employment in this position on September 13, 2012. That date is hereinafter referred to as the "Effective Date."

1.2 **Duties.** Executive shall diligently, and to the best of his ability, perform all duties incident to his position and use his best efforts to promote the interests of the Company.

1.3 **At-Will Employment**. Executive and the Company understand and acknowledge that Executive's employment with the Company is "at-will," is for no specified term, and may be terminated by Executive or the Company at any time, with or without cause or notice. Upon termination of Executive's employment with the Company, neither Executive nor the Company shall have any further obligation or liability under this Agreement to the other, except as specifically set forth herein.

1.4 **Time to be Devoted to Employment**. Throughout the term of his employment, Executive shall devote his full time and energy to the business of the Company and shall not be engaged in any competitive business activity. Executive hereby represents that he is not a party to any agreement which would be an impediment to entering into this Agreement and that he is permitted to enter into this Agreement and perform the obligations hereunder.

2. COMPENSATION AND BENEFITS.

2.1 **Annual Salary**. In consideration of and as compensation for the services agreed to be performed by Executive hereunder, the Company agrees to pay Executive an annual base salary of five hundred twenty-five thousand dollars ($525,000.00) ("Base Salary"), less applicable withholdings and deductions, payable in accordance with the Company's scheduled semi-monthly payroll distribution dates, currently the 15th and last day of the month, or the previous business day in the event the payroll date falls on a weekend or holiday. The Base Salary will be subject to further changes at the sole discretion of the Company.

2.2 **Bonus**. Executive shall be eligible for an annual bonus of up to 50% of his Base Salary, pro-rated for calendar year 2012, based upon the achievement of milestones to be established by the Company, payable at such time that bonuses are normally paid to executives. Executive must be actively employed at the time the bonuses are paid to be entitled to a bonus.

3. RELOCATION.

The Executive shall relocate to either Orange County, California or the Henderson area in Nevada no later than six months after the Effective Date. At the time of such relocation, the shall Company will pay Executive a one-time bonus of $30,000; provided, however, Executive shall be obligated to pay back that amount to the Company if he should voluntarily leave his employment with the Company or be terminated for cause within one year of the date this relocation bonus is paid.

For the period beginning on the Effective Date and ending on the earliest to occur of (i) the date the aforementioned relocation is completed, (ii) the six month anniversary of the Effective Date or (iii) the termination of employment, the Company shall reimburse Executive for up to $3,500 per month for reasonable and necessary travel and temporary living expenses, including airfare, rented/leased vehicle and accommodations, subject to receipt of reasonable and appropriate documentation as may be required by the Company.

4. EQUITY AWARDS.

Subject to approval of the Board of Directors, Executive will be eligible to receive equity awards as follows: (i) on or promptly following the Effective Date, twenty thousand (20,000) restricted stock awards, to vest 50% upon the completion of six months employment and the other 50% upon the completion of one year of employment, as a special hire-in bonus; (ii) on or promptly following the Effective Date, an additional one hundred thousand (100,000) restricted stock awards to vest 25% on the completion of one year of employment and the remaining 75% to vest annually in equal amounts on the completion of Executive's second, third and fourth years of employment; and (iii) on or promptly following the Effective Date, three hundred thousand (300,000) stock options with an exercise price equal to the closing sale price of the Company's stock on the date prior to the date of grant to vest 25% on the completion of one year of employment, and the remaining 75% annually in equal amounts on the completion of Executive's second, third and fourth years of employment. All of the foregoing grants of restricted stock awards and options are subject to the terms and conditions of the Spectrum Pharmaceuticals Inc. 2009 Incentive Award Plan (the "Plan"), and the award agreements provided for under the Plan, as each may be amended from time to time. As provided in the Plan, vesting of all of the foregoing grants of restricted stock awards and options shall be accelerated on a Change in Control as that term is defined in the Plan.

5. BENEFITS.

Executive and his dependents shall be eligible to participate in such health, retirement and other benefit programs as the Company provides to its other executive employees, including, at this time, Medical, Vision, Long Term Disability, and Travel Accident Insurance, 401(k) Savings Plan and Employee Stock Purchase Plan.

6. VACATION AND HOLIDAY. Executive shall be entitled to three weeks of paid vacation per year (15 business days), subject to the terms of the Company's vacation policy, which may be used by Executive at times which do not unreasonably interfere with the duties and responsibilities of Executive's position, as well as paid holidays as specified by the Company.

7. BUSINESS EXPENSES. The Company shall reimburse Executive for reasonable and necessary travel and accommodation costs, entertainment and other business expenses incurred as a necessary or advisable part of discharging Executive's duties hereunder subject to receipt of reasonable and appropriate documentation as may be required by the Company.

8. INDEMNIFICATION. The Company and Executive shall enter such indemnity agreement as is provided to similar level executives and as may be amended from time to time.

9. ARBITRATION. Executive and the Company agree that to the fullest extent permitted by law, any dispute, claim or controversy of any kind arising under, in connection with or relating to this Agreement or otherwise relating to Executive's employment by the Company, shall be resolved exclusively by binding arbitration in Southern California and in furtherance of this provision, Executive and the Company agree to sign the Company's standard form Arbitration Agreement.

10. PROPRIETARY INFORMATION AND RELATED MATTERS. Executive acknowledges and agrees that Executive will be entrusted with, among other things, trade secrets and proprietary information regarding the products, processes, methods of manufacture and delivery, know how, designs, formula, work in progress, research and development, computer software and data bases, copyrights, trademarks, patents, marketing techniques, and future business plans, as well as customer lists and information concerning the identity, needs, and desires of actual and potential customers of the Company and its subsidiaries, joint ventures, partners, and other affiliated persons and entities ("Confidential Information"), all of which derive significant economic value from not being generally known to others outside the Company.

(a) During the entire term of Executive's employment with the Company, and at all times thereafter, Executive shall not disclose or exploit any Confidential Information except as necessary in the performance of Executive's duties under this Agreement or with the Company's express written consent.

(b) During the entire term of Executive's employment by the Company and for two years thereafter, Executive shall not induce or attempt to induce any Executive of the Company to leave the Company's employ except for the sole benefit of the Company or with its express written consent.

In furtherance of this agreement, Executive agrees to sign the Company's standard form Confidentiality Agreement.

11. ASSIGNMENT. This Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company. Since this Agreement is based upon the abilities of and personal confidence in Executive, Executive shall have no right to assign this Agreement or any of Executive's rights hereunder without the prior written consent of the Company.

12. SEVERABILITY. If any provision of this Agreement shall be found invalid by any court of competent jurisdiction, such findings shall not affect the validity of any other provision hereof and the invalid provisions shall be deemed to have been severed herefrom.

13. WAIVER OF BREACH. The waiver by any party of the breach of any provision of this Agreement by the other party or the failure of any party to exercise any right granted to it hereunder shall not operate or be construed as the waiver of any subsequent breach by such other party nor the waiver of the right to exercise any such right.

14. NOTICES. Any notice, consent or other communication under this Agreement shall be in writing and shall be delivered personally, telexed, sent by facsimile transmission or overnight courier (regularly providing proof of delivery) or sent by registered, certified, or express mail and shall be deemed given when so delivered personally, telexed, sent by facsimile transmission or overnight courier, or if mailed two (2) days after the date of deposit in the United States mail. Notice to parties shall be delivered or mailed to the following addresses (or to such other address as a party may specify by written notice).

If to Executive: Joseph Kenneth Keller
XXXXXXXXXXXX
XXXXXXXXXXXX

If to the Company: Spectrum Pharmaceuticals, Inc.
11500 South Eastern Avenue, Suite 240
Henderson, Nevada 89052
Attn: Legal Department
Fax: (702) 260-7405

15. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes all agreements and understandings with respect to such subject matter not described herein, and the parties hereto have made no other agreements, representations or warranties, oral or written, relating to the subject matter of this Agreement.

16. MODIFICATION. This Agreement may be amended, modified, superseded or cancelled only by a written instrument signed by the parties.

17. CHOICE OF LAW. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Nevada without regard for conflicts of laws principles.

18. INTERPRETATION OF AGREEMENT. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement.

19. HEADINGS. The headings in this Agreement are solely for the convenience of reference and shall not affect its interpretation.

20. COUNTERPARTS; FACSIMILE; .PDF. This Agreement may be executed by facsimile or .PDF and in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SPECTRUM PHARMACEUTICALS, INC.

By: /s/ Rajesh C. Shrotriya
Name: Rajesh C. Shrotriya
Title: Chairman, CEO and President

JOSEPH KENNETH KELLER

/s/ Joseph K. Keller
Joseph Kenneth Keller

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (the "Amendment") is made as of the 5th day of September, 2012 (The "Effective Date") by and between Spectrum Pharmaceuticals, Inc. (the "Company") and Joseph Kenneth Keller ("Executive").

RECITALS.

A. The Company and Executive entered into the certain Employment Agreement dated as of August 28, 2012 (the "Agreement"); and

B. The Company and Executive desire to amend certain provisions of the Agreement.

NOW, THEREFORE, the Company and Executive agree as follows:

1. AMENDMENT OF SECTION 1.1. Section 1.1 of the Agreement is hereby amended and restated to read in full as follows:

1.1 Position. Subject to the terms and conditions set forth in this Agreement, the Company agrees to employ Executive as the Company's Executive Vice President and Chief Operating Officer, reporting directly to the Rajesh C. Shrotriya, M.D., the Company's Chief Executive Officer. Executive shall begin his employment in this position on September 1, 2012. That date is hereinafter referred to as the "Effective Date."

2. AMENDMENT OF SECTION 4.

Section 4 of the Agreement is hereby amended and restated in its entirety to read fully as follows:

4. EQUITY AWARDS.

Subject to approval of the Board of Directors, Executive will be eligible to receive equity awards as follows: (i) on or promptly following the Effective Date, twenty thousand (20,000) restricted stock awards, to vest 50% upon the completion of six months employment and the other 50% upon the completion of one year of employment, as a special hire-in bonus; (ii) on or promptly following the Effective Date, an additional one hundred thousand (100,000) restricted stock awards to vest 25% on the completion of one year of employment and the remaining 75% to vest annually in equal amounts on the completion of Executive's second, third and fourth years of employment; and (iii) on or promptly following the Effective Date, three hundred thousand (300,000) stock options with an exercise price equal to the closing sale price of the Company's stock on the date of grant to vest 25% on the completion of one year of employment, and the remaining 75% monthly in equal amounts during Executive's second, third and fourth years of employment. All of the foregoing grants of restricted stock awards and options are subject to the terms and conditions of the Spectrum Pharmaceuticals Inc. 2009 Incentive Award Plan (the "Plan"), and the award agreements provided for under the Plan, as each may be amended from time to time. As provided in the Plan, vesting of all of the foregoing grants of restricted stock awards and options shall be accelerated on a Change in Control as that term is defined in the Plan.

3. NO OTHER AMENDMENTS. Except as amended herein, all provisions of the Original Agreement and the Amendment shall remain in full force and effect.

4. COUNTERPARTS. This Amendment may be executed in any number of counterparts and transmitted by facsimile or PDF copy, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SPECTRUM PHARMACEUTICALS, INC.

By: /s/ Rajesh C. Shrotriya
Name: Rajesh C. Shrotriya, M.D.
Title: President and Chief Executive Officer

JOSEPH KENNETH KELLER

/s/ Joseph Kenneth Keller
Joseph Kenneth Keller

Exhibit 10.14

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT MARKED WITH [***] HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT, AS AMENDED.

OMNIBUS AMENDMENT TO ZEVALIN SUPPLY ARRANGEMENTS

This Omnibus Amendment to Zevalin Supply Arrangements (this "***Amendment***") is made effective as of the 1st day of October, 2012 by and between Biogen Idec US Corporation, a Massachusetts corporation ("***Biogen Idec***"), on one hand, and RIT Oncology, LLC, a Delaware limited liability company and wholly-owned subsidiary of Spectrum Pharmaceuticals, Inc. ("***RIT***"), and Spectrum Pharmaceuticals Cayman, L.P., a Cayman exempted limited partnership and wholly-owned subsidiary of Spectrum Pharmaceuticals, Inc. ("***Cayman***") (RIT and Cayman, collectively, "***Spectrum***"), on the other hand. Biogen Idec and Spectrum are sometimes referred to herein individually as a "***Party***" and collectively as the "***Parties***".

RECITALS

A. Biogen Idec currently supplies Zevalin to RIT for sale within the United States. Such supply arrangement is governed by that certain Supply Agreement, dated December 21, 2007, by and between Cell Therapeutics, Inc. ("***CTI***") and Biogen Idec Inc. ("***BIIB***"), as amended by that certain First Amendment to Supply Agreement, dated December 15, 2008, by and between CTI and BIIB, as well as assigned by CTI to RIT on December 15, 2008 with BIIB's consent pursuant to that certain consent to assignment letter agreement, dated December 15, 2008, by and among CTI, BIIB and RIT and assigned by BIIB to Biogen Idec on July 1, 2011 as BIIB informed RIT by that certain letter, dated January 27, 2012, from BIIB to RIT. Such agreement is referred to herein as the "***US Supply Agreement***".

B. Biogen Idec currently supplies Zevalin to Cayman for sale outside the United States. Such supply arrangement is governed by that certain Supply Agreement, dated June 9, 1999, by and between IDEC Pharmaceuticals Corporation (now known as BIIB) and Schering Aktiengesellschaft (now known as Bayer Pharma AG), as amended by (i) that certain letter amendment, dated December 14, 2004, by and between BIIB and Schering Aktiengesellschaft (now known as Bayer Pharma AG) and (ii) that certain Amendment to Supply Agreement, dated January 16, 2012, by and between Biogen Idec and Bayer Pharma AG (under which Bayer Pharma AG consented to BIIB assigning such agreement to Biogen Idec), as well as assigned by Bayer Pharma AG to Cayman on April 1, 2012 as Bayer Pharma AG informed BIIB by that certain letter, dated April 3, 2012, from Bayer Pharma AG to BIIB. Such agreement is referred to herein as the "***ex-US Supply Agreement***".

C. The Parties wish to amend the US Supply Agreement and the ex-US Supply Agreement and otherwise generally provide for a cohesive worldwide supply arrangement between Biogen Idec and Spectrum on a forward-looking basis.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Capitalized terms used in this Amendment without definition shall have the same meanings ascribed to them in the US Supply Agreement or the ex-US Supply Agreement, as applicable.

2. Unless terminated earlier in accordance with their respective terms, the US Supply Agreement and the ex-US Supply Agreement shall expire on December 31, 2014. Following such expiration, Biogen Idec shall have no further supply-related obligations pursuant to the US Supply Agreement or the ex-US Supply Agreement (including, without limitation, the Collaboration Agreement or the License Agreement) other than as set forth in Sections 7 and 8 below (i.e., manufacturing transfer). Termination, relinquishment or expiration of the US Supply Agreement or the ex-US Supply Agreement for any reason shall be without prejudice to any rights that have accrued to the benefit of either Party prior to such termination, relinquishment or expiration (including, without limitation, damages arising from any breach thereunder) and shall automatically and concurrently terminate the other agreement.

3. As of the date hereof, Biogen Idec hereby sells to Spectrum, and Spectrum hereby purchases from Biogen Idec, certain inventory related to Zevalin, which inventory includes: (i) [***] lots of Antibody Conjugate bulk solution (approximately [***] kg) expiring between [***] and [***] (ii) [***] ([***]) vials of Antibody Conjugate (unlabeled) expiring not earlier than [***] (iii) [***] ([***]) vials of sodium acetate (unlabeled) expiring not earlier than [***]; (iv) [***] ([***]) vials of formulation buffer (unlabeled) expiring not earlier than [***]; and (v) [***] ([***]) vials of the reaction vial (unlabeled) expiring not earlier than [***]. The price of such inventory shall be US $[***] and Sections 9.1 (Shipment and Taxes), 9.2 (Governing Terms) and 9.3 (No Implied Representations, Warranties or Conditions) of this Amendment shall apply with respect thereto; provided, however, that payment for such price shall be due and payable in four (4) installments of US $[***] on the first business day of each of [***], [***], [***] and [***]. On a date during [***] as agreed upon by the Parties, such inventory shall be made available for delivery to Spectrum; provided, however, that, on a date during [***] as agreed upon by the Parties, all or any portion of such inventory shall also be made available for delivery to Spectrum.

4. As of the date hereof, Biogen Idec hereby sells to Spectrum, and Spectrum hereby purchases from Biogen Idec, the equipment related to Zevalin listed on Exhibit A on an “as is” basis without any representation or warranty of any kind, express or implied (including, without limitation, any warranties of quality, performance, merchantability or fitness for a particular use or purpose). The price of such equipment shall be US $[***] and Sections 9.1 (Shipment and Taxes) and 9.2 (Governing Terms) of this Amendment shall apply with respect thereto. On a date corresponding to the start of the single drug substance manufacturing campaign in [***] pursuant to Section 6 below as agreed upon by the Parties, such equipment shall be made available for delivery to Spectrum.

5. The Parties acknowledge that, as of the date hereof, there are no outstanding orders for Finished US Goods or Bulk Product under the US Supply Agreement or Kits under the ex-US Supply Agreement. The Parties agree that, on or after the date hereof, there shall be no orders therefor other than as set forth in Section 6 below (i.e., a single drug substance manufacturing campaign in [***]). The Parties further agree that, on or after the date hereof, there shall be no forecasting for orders thereof.

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6. Prior to expiration or earlier termination of the US Supply Agreement and the ex-US Supply Agreement and upon Spectrum's written request no later than [***], Biogen Idec agrees to conduct a single drug substance manufacturing campaign, at any time within nine (9) to eighteen (18) months of such written request (i.e., the timing during this period is in Biogen Idec's sole discretion), to supply Spectrum with [***] batches of 2B8 (i.e., the drug substance antibody) produced using [***] liter bioreactors. Spectrum shall purchase from Biogen Idec all 2B8 produced from such batches, provided that the quantity produced is no less than [***] grams but no more than [***] grams. Spectrum shall make such written request pursuant to a single purchase order sent in a manner and format consistent with Biogen Idec's reasonable direction. The price of such 2B8 shall be US $[***] per gram of active weight antibody for the first [***] grams and US $[***] per gram of active weight antibody for any additional grams and Sections 9.1 (Shipment and Taxes), 9.2 (Governing Terms) and 9.3 (No Implied Representations, Warranties or Conditions) of this Amendment shall apply with respect to any such 2B8 ordered pursuant to this Section 6 mutatis mutandis; provided, however, that, no later than [***] ([***]) days before the start of such single drug substance manufacturing campaign, Spectrum shall deposit funds for advance payment of [***] percent ([***]%) of such price into an escrow account with an escrow agent reasonably acceptable to Biogen Idec (it being understood that any escrow agreement, joint instructions or other terms of escrow release shall provide for the immediate release of funds to Biogen Idec upon delivery of the 2B8 ordered pursuant to this Section 6). The remaining [***] percent ([***]%) of the price shall be due and payable upon such delivery. For the avoidance of doubt, Biogen Idec's obligation to conduct such single drug substance manufacturing campaign is conditioned upon the Parties identifying such escrow agent, the Parties executing and delivering the applicable escrow agreement, joint instructions or other terms of escrow release, which Biogen Idec will not unreasonably prevent or delay, and Spectrum depositing such funds into such escrow account (i.e., Biogen Idec shall have no liability or other obligation pursuant to this Section 6 until such condition is fully satisfied).

7. The Parties agree that, on and after the date hereof, Spectrum shall be responsible for analytical services, fill/finish activities, conjugation activities and all other drug product activities for Zevalin. Without prejudice to the generality of the foregoing, the Parties agree to the following:

(a) Spectrum shall submit any and all applicable regulatory submissions to the appropriate regulatory authority in all jurisdictions as soon as reasonably possible for the transitioning of Zevalin contemplated by this Section 7 and otherwise no later than [***] ([***]) months after completion of the applicable validation.

(b) In the event that Spectrum undertakes commercially reasonable efforts to conduct conjugation activities at [***] (as defined below) and such efforts fail to deliver the Antibody Conjugate, then, upon Spectrum's written request no later than June 30, 2014, Biogen Idec agrees to conduct conjugation activities, at any time during 2014 in Biogen Idec's sole discretion, for 2B8 (i.e., the drug substance antibody) that Spectrum ordered and received pursuant to Section 6 above. Such conjugation activities shall be performed by Biogen Idec [***] but shall be limited to Biogen Idec's labor performed at Biogen Idec's Cambridge, MA facility as consistent with Biogen Idec's past labor practices necessary to perform conjugation activities for 2B8. Spectrum shall be responsible in all other manners for such conjugation activities (including, without limitation, supplying all of the drug substance antibody, equipment, raw materials and consumable materials appropriate for such conjugation activities and arranging for shipment to and from such facility of such drug substance antibody, equipment, raw materials and consumable materials and the Antibody Conjugate resulting from such conjugation activities, as well as paying for all costs and expenses with respect thereto). Notwithstanding any provision herein to the contrary, the Parties acknowledge and agree that Biogen Idec shall have no further responsibility with respect to such conjugation activities upon completion of a single conjugation campaign.

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(c) As of the date hereof, Spectrum hereby assumes liability and project management from BIIB of all responsibilities and obligations accruing on or after the date hereof under that certain Amended and Restated Commercial Supply Agreement, dated January 25, 2008, by and between BIIB and Baxter Pharmaceutical Solutions LLC ("***Baxter***"), as amended by (i) that certain letter, dated October 12, 2009, from Baxter to BIIB and (ii) that certain letter, dated December 9, 2010, from Baxter to BIIB (signed by BIIB on December 28, 2010). Biogen Idec shall use commercially reasonable efforts from the date hereof through October 31, 2012 to obtain Baxter's written consent to the assignment of such agreement by BIIB to RIT (it being understood that Biogen Idec shall not be required to make any payment or provide any guarantee in order to obtain such consent) and, thereupon, Biogen Idec shall cause BIIB to assign such agreement to RIT. Spectrum shall assist BIIB in such efforts. To the extent such consent has not been obtained by October 31, 2012, Spectrum shall use commercially reasonable efforts to have Baxter and RIT enter into a replacement agreement for such agreement (which, among other things, terminates such agreement and any further liability of BIIB thereunder). In the event that neither an assignment of nor replacement for such agreement is achieved within a reasonable period of time, Biogen Idec shall use commercially reasonable efforts to provide the benefits of such contract to Spectrum (by reserving "fill slots" with Baxter) during 2012 so long as Spectrum bears all costs, expenses and other liabilities in connection therewith. Upon Spectrum's written request, Biogen Idec shall sell to Spectrum, and Spectrum shall purchase from Biogen Idec, the equipment related to Zevalin owned by Biogen Idec but held by Baxter at Baxter's facility in connection with such agreement on an "as is" basis without any representation or warranty of any kind, express or implied (including, without limitation, any warranties of quality, performance, merchantability or fitness for a particular use or purpose). The price of such equipment shall be US $[***] and Spectrum shall be responsible in all manners for removing such equipment from Baxter's facility (including, without limitation, coordinating with Baxter and arranging for shipment of such equipment, as well as paying for all costs and expenses with respect thereto).

(d) Spectrum shall use commercially reasonable efforts to engage [***], Inc. ("[***]") as its contract manufacturing organization for fill/finish activities for Zevalin. Within [***] ([***]) days of receipt of Spectrum's invoice and reasonable supporting documentation therefor, Biogen Idec agrees to reimburse Spectrum for [***] of the amount actually paid by Spectrum to [***] and any applicable third party testing laboratories for [***] fill/finish technology transfer for Zevalin; provided, however, that such reimbursement shall be no greater than US $[***] in the aggregate. For the avoidance of doubt, such reimbursement applies solely for activities in support of fill/finish technology transfer and not to any other matters handled by [***] (including, without limitation, validation activities). For the avoidance of doubt, such reimbursement shall include payments made by Spectrum to third party testing laboratories that play a role in the technology transfer qualification of [***].

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(e) Biogen Idec shall use commercially reasonable efforts to provide Spectrum with technical advice reasonably necessary to effect the subcontracting and/or transitioning of Zevalin contemplated by this Section 7 to the extent specifically listed as a Biogen Idec responsibility on the project plan attached as Exhibit B. Notwithstanding any provision herein to the contrary, the Parties acknowledge and agree that Biogen Idec shall have no further responsibility with respect to such technical advice upon completion of a single subcontracting and/or transitioning of Zevalin.

The Parties recognize and accept that the obligations of this Section 7 shall survive expiration or earlier termination of the US Supply Agreement and the ex-US Supply Agreement.

8. Upon Spectrum's written request at least twelve (12) months prior to the anticipated start date for the activities required to effect an orderly transition of the manufacture of 2B8 (i.e., the drug substance antibody) from Biogen Idec to Spectrum or its designee, Biogen Idec and Spectrum shall exercise fair dealing and negotiate in good faith to agree upon a project plan describing such activities (the "***Project Plan***"), and the Parties shall subsequently implement the Project Plan. Without prejudice to the generality of the foregoing, the Project Plan shall include or address the following:

(a) the cost and expense of Biogen Idec's personnel and resources used in connection with the implementation of the Project Plan will be borne by Biogen Idec;

(b) Biogen Idec delivering or providing access to Spectrum or its designee of documentation reasonably necessary to effect such transition in an orderly manner consistent with regulatory requirements, including documentation summarizing any BIOGEN IDEC Know-How;

(c) if Spectrum requests, Cayman or its designee obtaining the same rights as BIIB's rights under that certain Amended and Restated Non-Exclusive License Agreement, dated as of December 20, 2007, by and between Genentech, Inc. and BIIB (which is commonly referred to by Biogen Idec as its "Cabilly license") in connection with the manufacture of Zevalin outside the United States through a direct license from Genentech, Inc. to Cayman or its designee or, if a direct license cannot be achieved after the use of commercially reasonable efforts, a sublicense from BIIB to Cayman or its designee (it being understood that Cayman or its designee shall enter into a sublicense agreement for such sublicense in substantially the same form and substance as the similar sublicense by BIIB to RIT for the manufacture of Zevalin within the United States in existence as of the date hereof); and

(d) limitations on the type, number, frequency and length of meetings, document requests and the like, as well as procedures and timelines with the aim of efficiently using Biogen Idec's personnel and resources and otherwise minimizing cost and expense in connection therewith.

In furtherance of the foregoing, Biogen Idec's obligations under the Project Plan shall be limited to (i) providing appropriate answers to specific, reasonable questions only during normal business hours and (ii) no more than a total of [***] ([***]) person-days of time, in the aggregate for all participation, by all Biogen Idec personnel. Spectrum acknowledges and agrees that Biogen Idec's obligations under this Section 8 are limited in accordance with the Project Plan and are dependent upon (x) the reasonable competence of Spectrum or its designee with respect to the activities at issue (including, without limitation, obtaining the required approvals in a timely manner for the conduct of manufacturing activities at a facility selected and prepared by Spectrum or its designee and possession by Spectrum or its designee of the requisite skills, equipment, ingredients and resources for the manufacture of product similar to Zevalin) and (y) Spectrum's timely performance of its obligations under Section 7 above, this Section 8 and the Project Plan. Notwithstanding any provision herein to the contrary, the Parties acknowledge and agree that Biogen Idec shall be obligated to participate in the manufacturing transfer activities contemplated by this Section 8 only once and that, subject as stated below, Biogen Idec shall have no further responsibility with respect to such activities thereafter. In the event that such transition is not successfully achieved through no fault of Biogen Idec or Spectrum, Biogen Idec agrees to provide reasonable additional assistance if requested by Spectrum, provided that Spectrum shall pay for any costs and expenses associated with such additional assistance. Such costs and expenses shall be reasonable and shall be directly referable to the activities to be performed. The Parties recognize and accept that the obligations of this Section 8 shall survive expiration or earlier termination of the US Supply Agreement and the ex-US Supply Agreement.

9. The following provisions shall apply with respect to delivery of materials under this Amendment:

9.1 Shipment and Taxes: All materials shipped under this Amendment with reference to this Section 9.1 shall be shipped EXW the manufacturing site to such location designated by Spectrum. Spectrum shall pay all freight, insurance, charges, Taxes, levies, import and export duties, inspection fees and other charges applicable to the sale and transport of such materials. Title and risk of loss and damages to such materials shall pass to Spectrum (and delivery to Spectrum shall be deemed to occur) upon delivery to the carrier at the manufacturing site. In the event of damage or loss to such materials after delivery to carrier, Spectrum shall be responsible to file claims with the carrier. Biogen Idec shall cooperate with Spectrum in the filing of such claims.

9.2 Governing Terms: All sales of materials under this Amendment with reference to this Section 9.2 shall not be subject to any terms and conditions contained on any purchase orders submitted by Spectrum, except insofar as any such purchase orders establish in writing: (i) the delivery date, consistent with the terms hereof; (ii) the shipment routes; or (iii) the carrier selected by Spectrum.

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9.3 No Implied Representation, Warranties or Conditions: Biogen Idec warrants that each of the materials supplied under this Amendment with reference to this Section 9.3 shall meet the applicable Specifications and shall be manufactured according to CGMPs and in accordance with provisions of any applicable quality agreement; provided, however, that Spectrum's sole remedy with respect to non-compliance with the foregoing warranty for any materials supplied pursuant to Section 3 (i.e., inventory as of the date hereof) shall only apply after such non-compliance applies to more than [***] percent ([***]%) of such inventory in the aggregate, upon which Spectrum may claim a reduction of the price applicable to such inventory in excess of such [***] percent ([***]%) (it being understood that such [***] percent ([***]%) threshold acts as a deductible for which Spectrum is solely responsible) in an amount of Spectrum's direct damages incurred as a result of such non-compliance. For the purposes of further defining the provision in the previous sentence, the [***] percent ([***]%) is relative to the US $[***] price that is described in Section 3, and the inventory is assigned the following prices: (i) seven (7) lots of Antibody Conjugate bulk solution (approximately 64 kg) expiring between April and July 2013 have a total price of $[***]; (ii) [***] ([***]) vials of Antibody Conjugate (unlabeled) expiring not earlier than November 2015 have a price per vial of $[***] and a total price of $[***]; (iii) [***] ([***]) vials of sodium acetate (unlabeled) expiring not earlier than April 2014 have a price per vial of $[***] and a total price of $[***]; (iv) [***] ([***]) vials of formulation buffer (unlabeled) expiring not earlier than November 2013 have a price per vial of $[***] and a total price of $[***]; and (v) [***] ([***]) vials of the reaction vial (unlabeled) expiring not earlier than April 2015 have a price per vial of $[***] and a total price of $[***]. EXCEPT AS OTHERWISE EXPRESSELY HEREIN PROVIDED, BIOGEN IDEC MAKES NO REPRESENTATIONS OR WARRANTIES AND THERE ARE NO CONDITIONS EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO SUCH MATERIALS SUPPLIED HEREUNDER, INCLUDING, WITHOUT LIMITATION, ANY SUCH REPRESENTATIONS, WARRANTIES OR CONDITIONS WITH RESPECT TO THE NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF SUCH MATERIALS.

10. Except as expressly amended by this Amendment, the US Supply Agreement and the ex-US Supply Agreement remain in full force and effect. To the extent of any conflict between the US Supply Agreement and the ex-US Supply Agreement in the interpretation of this Amendment, the US Supply Agreement shall control.

11. This Amendment shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. This Amendment may be executed in separate counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Signatures on counterparts of this Amendment transmitted by facsimile or e-mail shall be deemed effective for all purposes.

[SIGNATURE PAGE FOLLOWS]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

IN WITNESS WHEREOF, the Parties have executed and delivered this Amendment by their duly authorized officers and representatives as of the date hereof.

BIOGEN IDEC US CORPORATION

By: /s/ George A. Scangos
Name: George A. Scangos
Title: CEO

RIT ONCOLOGY, LLC
By: Spectrum Pharmaceuticals, Inc.

By: /s/ Rajesh C. Shrotriya
Name: Rajesh C. Shrotriya
Title: President and Chief Executive Officer

SPECTRUM PHARMACEUTICALS CAYMAN, L.P.

By: Spectrum Pharmaceuticals International Holdings, LLC
Its: General Partner

By: Spectrum Pharmaceuticals, Inc.
Its: Managing Member

By: /s/ Rajesh C. Shrotriya
Name: Rajesh C. Shrotriya
Title: President and Chief Executive Officer

EXHIBIT A

PURCHASED EQUIPMENT

[***]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

EXHIBIT B

PROJECT PLAN FOR SECTION 7 SUBCONTRACTING AND/OR TRANSITIONING

(attached)

[***]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

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SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT ("THE SUPPLY AGREEMENT") is made effective as of the 9th day of June, 1999 (the "Effective Date") by and between IDEC PHARMACEUTICALS CORPORATION, a Delaware corporation, having its principal place of business at 11011 Torreyana Road, San Diego, California 92121("IDEC") and SCHERING AKTIENGESELLSCHAFT, a German corporation, having its principal place of business at Müllerstrasse 178, D-13342 Berlin, Germany ("SCHERING"). IDEC and SCHERING are sometimes referred to herein individually as a "Party" and collectively as the "Parties", and references to "IDEC" shall include its Affiliates.

RECITALS

1.1 WHEREAS, IDEC and SCHERING have entered into a Collaboration Agreement of even date, under which IDEC has granted to SCHERING an exclusive license to develop and commercialize the Licensed Product(s) (as therein defined) in all countries of the world outside the United States, on the terms and subject to the conditions therein defined;

1.2 WHEREAS, SCHERING desires to secure its exclusive supply of IDEC 2B8 in Kit form (as hereinafter defined) from IDEC, and IDEC has agreed to supply SCHERING with its requirements of IDEC 2B8 in Kit form on the terms and subject to the conditions hereinafter described;

1.3 WHEREAS, IDEC intends to manufacture and supply all of SCHERING's requirements of the 2B8 (as hereinafter defined) from an IDEC facility;

1.4 WHEREAS, IDEC intends to enter into a supply agreement with Catalytica, Inc. for the supply (inter alia) of all of SCHERING's requirements of the Antibody Conjugate and Non-Antibody Components (as hereinafter defined); and

1.5 WHEREAS, IDEC has entered into a supply agreement with Nordion, Inc. whereby Nordion agreed to supply yttrium to IDEC for use in the radiolabeling of IDEC 2B8.

1.6 WHEREAS, SCHERING intends to establish an independent contract with Nordion or another Third Party for supply of yttrium.

1.7 NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE II

DEFINITIONS

2.1 **"2B8"** means the unlabeled monoclonal antibody to CD20 cells more particularly described on **Exhibit B** to the Collaboration Agreement and **Exhibit A** of this Supply Agreement.

2.2 **"Affiliate"** means an entity which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, IDEC or SCHERING, as the case may be. As used in this definition, "control" means the direct or indirect ownership of fifty percent (50%) or more of the stock having the right to vote for directors thereof, or the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of the outstanding voting securities or by contract or otherwise.

2.3 **"Allocable Overhead"** means costs incurred by a Party or for its account which are attributable to a Party's supervisory services, occupancy costs, and its payroll, information systems, human relations and purchasing functions and which are allocated to company departments based on space occupied or headcount or other activity-based method, excluding compensation related to a Party's stock option program or any program that replaces such program. Allocable Overhead shall not include any costs attributable to general corporate activities including, by way of example, executive management, investor relations, business development, legal affairs and finance.

2.4 **"Antibody Conjugate"** shall mean 2B8 conjugated with MxDTPA

2.5 **"Antibody Manufacturing Cost"** shall mean IDEC's direct costs and charges, including Allocable Overhead, related to the manufacture, packaging and shipment of 2B8, and shall exclude costs and charges related to or occasioned by unused manufacturing capacity, the manufacture of other products at IDEC's facilities, amortization of property, plant or equipment not specifically related to manufacturing 2B8, and any employee costs associated with equity incentive plans. **Exhibit D** to the Collaboration Agreement sets out a breakdown of IDEC's current Antibody Manufacturing Cost.

2.6 **"Business Day"** shall mean a day on which banking institutions are open for business in California, U.S.A. and Berlin, Germany.

2.7 **"Catalytica"** shall mean Catalytica Pharmaceuticals, Inc., having its principal place of business at intersection US13, NC11 and US 264, Greenville, North Carolina 27834.

2.8 **"CGMPs"** shall mean both the principles detailed in the United States' Current Good Manufacturing Practices (21 CFR 200, 211 and 600) and "The Rules Governing Medicinal Products in the European Community – Volume IV Good Manufacturing Practice for Medicinal Products". CGMPs will also include compliance with any applicable additional Regulatory Approval requirements.

2.9 **"Clinical Requirements"** shall mean the quantities of Kits which are needed by SCHERING and its sublicensees (if any) for the conduct of preclinical and clinical studies of Licensed Product throughout the Licensed Territory.

2.10 **"Collaboration Agreement"** shall mean the Collaboration and License Agreement of even date herewith between IDEC and SCHERING.

2.11 **"Commercially Reasonable and Diligent"** means those efforts consistent with the exercise of prudent scientific and business judgment, as applied to other pharmaceutical products of similar potential and market size by the Party in question.

2.12 **"Commercial Requirements"** shall mean the quantities of Kits which are needed by SCHERING and its sublicensees (if any) for production, promotion and sale of the Licensed Product throughout the world, excluding the United States.

2.13 **"Cost of Goods Sold"** shall mean the total of: [***].

2.14 **"Effective Date"** shall mean June 9, 1999.

2.15 **"Expiration Date"** shall mean the date established by the EMEA as the case may be as the expiration date for each Kit Component.

2.16 **"IDEC"** shall mean IDEC Pharmaceuticals Corporation, a Delaware corporation, and its Affiliates.

2.17 **"Initial Phase"** shall mean the period of two (2) years following the filing of a Drug Approval Application in the Licensed Territory in accordance with Section 5.1 of the Collaboration Agreement.

2.18 **"Inter-Company Quality Agreement"** shall mean the Inter-Company Quality Agreement between SCHERING and IDEC of even date attached hereto to this Supply Agreement as **Exhibit B.**

2.19 **"Kit Expiration Date"** shall mean the earliest Expiration Date of any of the Kit Components.

2.20 **"Kit(s)"** shall mean a set of four unlabeled vials that include (1) Antibody Conjugate, (2) sodium acetate buffer; (3) formulation buffer; and (4) an empty 10 mL reaction vial. The Kit does not include the radioisotope that will be supplied independently by SCHERING or SCHERING's designee. The term **"Kit Component"** shall mean any one of the four individual unlabeled vials that define Kit.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

2.21 **"Licensed Product"** shall mean either Antibody Conjugate alone or Antibody Conjugate plus Non-Antibody Components or Y2B8 or, where the Imaging step is required in any country or territory of the Licensed Territory, Antibody Conjugate or Antibody Conjugate plus Non-Antibody Components or Y2B8 and In2B8 in either case as (a) developed by IDEC or (b) the intellectual property rights to which are owned or Controlled, in whole or in part, by IDEC, in either (a) or (b) as of the Effective Date or during the term of the Collaboration Agreement.

2.22 **"Manufacturing Royalties"** shall mean the royalties payable by IDEC to third parties for licenses to manufacture or have manufactured Antibody Conjugate and Non-Antibody Components, for as long as such royalties are payable. The royalties currently payable by IDEC are listed in **Exhibit F** to the Collaboration Agreement.

2.23 **"Non-Antibody Components"** shall mean all components of the Kit other than the Antibody Conjugate.

2.24. **"Non-Antibody Components Supply Cost"** shall mean the invoiced costs and charges of the suppliers of Non-Antibody Components to IDEC together with the invoiced costs of the Third Party manufacturer for manufacture of Antibody Conjugate from 2B8 provided by IDEC, negotiated at an arm's-length basis in accordance with the terms of this Supply Agreement.

2.25 **"Non-Conforming Product"** shall mean Kits that: (1) do not meet the Specifications; (2) were not manufactured or tested in accordance with the Quality Control Methods; or (3) were not manufactured in accordance with CGMPs. Only those tests listed in the Specifications may be used to determine conformity.

2.26 **"Party(ies)"** shall mean either SCHERING or IDEC and when used in the plural, shall mean both of them.

2.27 **"Quality Control Methods"** shall mean those procedures and methods detailed in the Intercompany Quality Agreement between IDEC and SCHERING as set forth in **Exhibit B**, as may be amended in writing from time to time by mutual agreement of the Parties hereto, which furthermore shall meet all applicable United States and European Union regulations applicable to the manufacture and testing of the Licensed Product.

2.29 **"Regulatory Approval"** shall mean any approvals (including pricing and reimbursement approvals), licenses, registrations or authorizations of any federal, state or local regulatory agency, department, bureau or other governmental entity, necessary for the manufacture and sale of a Licensed Product in each regulatory jurisdiction in which the Licensed Product will be sold.

2.30 **"Specifications"** means the specifications for the Kits, as set forth in **Exhibit A** (as may be amended from time to time by mutual agreement of the Parties within the limit of applicable Regulatory Approvals), which shall meet all applicable United States and European Union governmental rules and regulations relating to manufacturing and testing such as the Current Good Manufacturing Practices required by the Federal Food, Drug and Cosmetic Act and shall include any other matters agreed between the Parties in writing relating to such Product.

2.31 **"Supply Agreement"** means this Supply Agreement between IDEC and SCHERING dated the Effective Date.

2.32 **"Y2B8"** means that certain yttrium-labeled monoclonal antibody to B cells more particularly described on **Exhibit B** to the Collaboration Agreement.

ARTICLE III

SUPPLY OF PRODUCT

3.1 **Production of Kits**

During the term of this Supply Agreement and subject to the terms and conditions hereof, IDEC agrees to use all Commercially Reasonable and Diligent Efforts to supply SCHERING with all of SCHERING's Clinical Requirements and Commercial Requirements of Kits and Kit Components (hereinafter referred to interchangeably as Kits) for use and sale in the Licensed Territory. During the term of this Agreement, IDEC will not supply Kits or Kit Components to any Party other than SCHERING for sale or use in the Licensed Territory. During the term of this Agreement, SCHERING will purchase all of its Clinical Requirements and Commercial Requirements of Kits from IDEC except as otherwise provided in this Supply Agreement.

3.2 **Production of 2B8**

During the term of this Supply Agreement, IDEC will manufacture 2B8 for supply to SCHERING at an IDEC facility subject to any limitations in changing location that would be presented by the Intercompany Quality Agreement. IDEC warrants that it has and will retain sufficient capacity to supply sufficient 2B8 to meet SCHERING's Clinical Requirements and Commercial Requirements of Kits during the Term of this Supply Agreement. IDEC may not cease supply of 2B8 from IDEC's facility without providing at least [***] notice to SCHERING of its decision to cease such supply. In the event that IDEC decides to cease production of 2B8 at IDEC's Facility, then the provision of Section 7.2 of this Supply Agreement shall apply.

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During the term of this Supply Agreement, IDEC will use all Commercially Reasonable and Diligent Efforts to manufacture 2B8 in a cost-efficient way. IDEC will furthermore use all Commercially Reasonable and Diligent Efforts to reduce the cost of manufacture of the 2B8 as far as reasonably practicable and consistent with the performance of IDEC's other obligations hereunder and IDEC's operation of its manufacturing facility to support its other projects.

3.3 **Supply of Non-Antibody Components**

IDEC is currently in the course of negotiating a commercial supply agreement with Catalytica for the supply of Non-Antibody Components to meet IDEC's own requirements in the United States and to meet SCHERING's Clinical and Commercial Requirements in the Licensed Territory. IDEC will use all reasonable efforts to negotiate a supply contract with Catalytica on commercially reasonable terms and conditions. IDEC will keep SCHERING informed of the progress of its negotiations with Catalytica and will take account of all reasonable comments and proposals which SCHERING may make in respect of such supply contracts.

IDEC's agreement with Catalytica shall be such that the terms and conditions do not favor without cause IDEC/United States supply over SCHERING/Licensed Territory supply. Any terms related specifically to supply in the Licensed Territory shall be subject to SCHERING's review and approval, where such approval shall not be unreasonably withheld.

3.4 **Supply of Yttrium**

SCHERING may, until such time as it has negotiated a supply agreement with Nordion, Inc. or another Third Party for supply of yttrium in the Licensed Territory, request IDEC that SCHERING may source some or all of its requirements of yttrium from IDEC under IDEC's existing agreement with Nordion. IDEC shall accede to such request unless the supply of yttrium to the Licensed Territory would result in a shortfall of supply to meet IDEC's requirement in the United States. SCHERING shall reimburse the costs paid by IDEC to Nordion, Inc. for such supply of yttrium, including any additional costs charged by Nordion for supply to Licensed Territory.

3.5 **Subcontracting**

Except as expressly provided in this Supply Agreement, after the EMEA approval, IDEC will not contract out to any Third Party any part of the manufacture or testing of 2B8, Antibody Conjugate, Non-Antibody Components or Kits without the prior written approval of SCHERING, such approval not to be unreasonably withheld.

ARTICLE IV

FORECASTING

4.1 **Forecasting Procedures**

IDEC will use all reasonable efforts to provide Kits to SCHERING with the longest Kit Expiration Date that is practical under its supply agreement with Catalytica and any other third parties associated with manufacture of Kits. During the Initial Phase, IDEC shall deliver Kits to SCHERING with a minimum of [***] months or more before Kit Expiration Date. Thereafter, IDEC shall deliver Kits to SCHERING with a minimum of [***] months or more before Kit Expiration Date. The following provisional forecasting procedures shall apply:

(a) Within sixty (60) days of the Effective Date, SCHERING will provide IDEC with a firm forecast for Clinical Requirements for the remainder of 1999.

(b) On August 15 of each year starting in 1999 and updated thereafter on the fifteenth day of second month of the calendar quarter (i.e., on 15 November, 15 February, and 15 May) during the term of the Supply Agreement, SCHERING shall provide IDEC with a [***] month rolling forecast of expected Clinical Requirements and Commercial Requirements for Kits for the period between the start of the following calendar quarter and [***] months thereafter ("the [***] month forecast").

(c) The last four (4) quarters of the [***] month forecast (i.e., the four quarters furthest in time from the quarter in which the particular [***] month forecast is provided by SCHERING) are not binding on SCHERING, and SCHERING shall only be bound to purchase the quantities specified in the first four (4) quarters of the [***] month forecast to the following extent:

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(i) The quantities specified for delivery in the first and second quarters following the quarter in which the [***] month forecast is submitted are fixed, and SCHERING shall purchase the amounts specified. The quantity specified in the first and second quarters are referred to as a "Firm Forecast."

(ii) During the Initial Phase, the quantities specified for delivery in the third and fourth quarters following the quarter in which the [***] month forecast is submitted may be varied by SCHERING by [***] percent [***]. By way of example, if the amount specified in the Initial Phase is 100 units, SCHERING may eventually submit an amended order for up to [***] units or for only [***] units. If SCHERING wishes to amend an order pursuant to this subsection (ii), it will do so by a quarterly update of the [***] month forecast in such a way that the first and second quarter following the latest quarterly update of the [***] month forecast will always constitute a Firm Forecast.

(iii) After the Initial Phase, the quantities specified for delivery in the third and fourth quarters following the quarter in which the [***] month forecast is submitted may be varied by SCHERING by [***] percent [***]. By way of example, if the amount specified after the Initial Phase is 100 units, SCHERING may submit an amended order for up to [***] units or for only [***] units. If SCHERING wishes to amend an order pursuant to this subsection (iii), it will do so by a quarterly update of the [***] month forecast in such a way that the first and second quarter following the latest quarterly update of the [***] month forecast will always constitute a Firm Forecast.

(iv) The quantities specified for delivery in the first two quarters following the quarter in which the [***] month forecast is submitted are fixed and SCHERING shall purchase the specified amount. Such quantities specified for the first two quarters shall be referred to as the "Firm Forecast."

(d) On November 15 of each year starting in 1999, SCHERING shall provide IDEC a [***] month non-binding forecast on a yearly basis of expected Clinical Requirements and Commercial Requirements.

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(e) The provisions of this Section 4.1 will be reviewed in good faith by the Parties after the Kit Expiration Date is set by EMEA and the Catalytica Agreement has been signed. If the agreement with third parties associated with manufacture of Kits, such as Catalytica, provides more flexibility in purchase order and forecasting timing, the Parties will share equitably in this increased flexibility and amend the forecasting within commercially reasonably parameters and good inventory management practices.

4.2 **Purposes and Firm Forecast Variances**

(a) All forecasts under the Supply Agreement and updates thereof shall be for the sole purpose of assisting IDEC in its planning and will not constitute an obligation on SCHERING to purchase the quantities of the Kits indicated, except as expressly stated in Section 4.1. Once a forecast has become a Firm Forecast, such Firm Forecast will serve also as a purchase order and SCHERING will specify therein its desired delivery date. IDEC shall be obligated to ship Kits no more than [***] per year. IDEC shall use Commercially Reasonable and Diligent Efforts to supply to SCHERING any requirements of the Kits in excess of those specified in the Firm Forecast, but shall not be in breach of the Supply Agreement if it is unable to do so, despite such efforts.

(b) All Kits supplied by IDEC in terms of the Supply Agreement shall, from the date of receipt by SCHERING, have an unexpired shelf life of at least [***] months during the Initial Phase and, thereafter, at least [***] months.

(c) SCHERING may, at its discretion, place orders for Kits or for individual Kit Components or both, for example, SCHERING may order 1000 Kits or may order 1000 units of Kit Component (1) and 950 units of Kit Component (2).

All orders must be placed in terms of specific numbers of Kits or specific numbers of Kit Components, as the case may be. Quantities actually shipped pursuant to a given purchase order may vary from the quantities reflected in such purchase order by up to five percent (5%) and still be deemed to be in compliance with such purchase order; provided, however, SCHERING shall only be invoiced and required to pay for the quantities of Kits which IDEC or its designee actually ships to SCHERING, and provided further that SCHERING shall only be required to pay for such quantities of such Kits, if a certificate of analysis with respect to such Kits accompanies such invoice and indicates that such Kit shipped to SCHERING meets the Specifications. SCHERING shall pay IDEC the amount so invoiced at the time of IDEC's shipment of Kits to SCHERING.

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4.3 **Labeling and Packaging of Kits, Finished Product**

For the Clinical Requirements and Commercial Requirements in the Licensed Territory, SCHERING agrees to exert Commercially Reasonable and Diligent Efforts to perform all work necessary at its expense to convert Kits supplied by IDEC into finished product, including without limitation, labeling such vials and placing them in [***] packaging for sale, and all related testing and inspection related to the foregoing.

4.4 Delivery Dates

If IDEC expects a delay in shipment and release of Kits, it shall promptly notify SCHERING of such expected delay and shall use its Commercially Reasonable and Diligent Efforts to minimize such delay. In the event that IDEC cannot deliver Kits to SCHERING within [***] days after the delivery date specified in a purchase order accepted by IDEC, SCHERING may cancel such portion of such purchase order or accept partial or complete delivery at a later date specified by IDEC. IDEC and/or its designee shall continue a production and/or vialing campaign until they produce and deliver all quantities of Kits specified in the purchase order and accepted by SCHERING for such campaign period. In the event that the delivery of Kits is delayed by a period in excess of [***] days, SCHERING may, in addition to any other remedies, without penalty amend the next Firm Forecast by up to an amount equivalent to the delayed shipment. In the event that IDEC cannot deliver the Kits specified in the purchase order, SCHERING and IDEC shall meet to determine what actions to take and the provisions of Article VI shall apply.

4.5 **Change Orders**

If SCHERING requests a change to a SCHERING Firm Forecast order, IDEC shall use Commercially Reasonable and Diligent Efforts to accommodate such change, provided it is reasonable.

4.6 **Kit Shortfall, Supply Interruptions**

(a) The Parties agree to use Commercially Reasonable and Diligent Efforts to carry adequate inventories of Kits for their respective territories. IDEC will use Commercially Reasonable and Diligent Efforts to carry an adequate inventory of Kits to supply SCHERING. The Kits will be withdrawn from inventory on a First-In First-Out basis and IDEC will use Commercially Reasonable and Diligent Efforts to minimize the age of the Kits maintained in inventory.

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(b) If, under the Supply Agreement, the Clinical Requirements and Commercial Requirements of SCHERING cannot be met, because of either the quantities of Kits ordered or the delivery schedules proposed, the Parties acknowledge that Commercial Requirements have priority over Clinical Requirements, except for the Clinical Requirements in the Licensed Territory countries needed to obtain (i) marketing approval of the Licensed Product in each of such countries for the first indication for the Licensed Product in each of such countries, and (ii) reimbursement approval in the Licensed Territory countries. Once the Licensed Product receives Regulatory Approval in a given country within the Licensed Territory, the Commercial Requirements will thereafter have priority over Clinical Requirements in such country.

(c) In the event that for reasons of force majeure or other reasons beyond the control of IDEC there is a temporary reduction in manufacturing capacity resulting in reduced output of 2B8 or Kits then, and without prejudice to the provisions of Article VI, the supply of Kits will be rationed between SCHERING and IDEC on a basis proportionate to previously prevailing Licensed Product annual turnover in the United States and Licensed Territory

4.7 **Non-Conforming Kit**

(a) Kits supplied hereunder shall be produced in accordance with the Specifications (see **Exhibit A**), Quality Control Methods and CGMPs, and shall be stored by IDEC or its designee until shipment to SCHERING, as appropriate, in accordance with the Specifications prior to any sale or distribution. IDEC shall deliver to SCHERING with each Kit (i) a certificate of analysis indicating such Kits comply with the Specifications, and (ii) a certificate of compliance indicating that such Kits were manufactured in accordance with CGMPs and indicating non-complying process variances and/or incidents as described in the Intercompany Quality Agreement.

(b) Any non-conforming claim by SCHERING must be submitted to IDEC in writing within [***] days after determining that the Kit is Non-Conforming Product, and be accompanied by a report (including a fully representative Kit sample from the batch analyzed; provided, however, no Kit sample need be sent if the non-conformance is due to non-compliance with CGMPs) of analysis of the allegedly Non-Conforming Product. If after IDEC's own analysis of the Kit sample (which shall be completed within [***] days after its receipt by IDEC) IDEC agrees with the claim of non-conformity and determines that SCHERING is not responsible for the non-conformity, IDEC shall:

(i) Use Commercially Reasonably and Diligent Efforts to promptly replace such Non-Conforming Product;

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(ii) Fully compensate SCHERING for actual, direct damages sustained as a result of the affected delivery lots of Non-Conforming Product.

(iii) Reimburse SCHERING for any costs incurred by SCHERING in converting Non-Conforming Product to conforming Kit pursuant to Section (c) below;

(iv) Pay SCHERING's actual costs for notification, destruction or return of the Non-Conforming Product; and

(v) Pay any costs directly associated with the manufacture or distribution of replacement Kits.

These provisions are without prejudice to any obligations of IDEC under **Article XV** of the Collaboration Agreement.

(c) If there are procedures by which SCHERING, without unreasonable effort, inconvenience or expense, can convert, or cause to be converted, any Non- Conforming Product into conforming Kit, SCHERING shall initiate such procedures upon IDEC's request, and so long as SCHERING has the necessary regulatory authority to do so. If IDEC is responsible for the non-conformity and SCHERING converts the Non-Conforming Product into conforming Kit, then such Kit shall be deemed to be conforming Kit delivered hereunder on the date on which such conversion is completed and IDEC shall reimburse SCHERING the reasonable costs of converting the Non-Conforming Product into conforming Kit.

(d) If, after its own analysis, IDEC does not agree with the claim of non-conformity or determines that SCHERING is responsible for the non-conformity, SCHERING and IDEC shall in good faith promptly attempt to agree upon a settlement of the issue as described in the Intercompany Quality Agreement. If a decision is not reached under the Intercompany Quality Agreement the Parties may use the Dispute Resolution Provisions in Article V to allocate the economic loss, if any, associated with SCHERING's disposition of the Kits or finished product.

(e) IDEC shall replace the allegedly Non-Conforming Product during:

(i) The pendency of any settlement negotiations described in subsection (d) of this Section; or

(ii) The exhaustion of procedures specified in subsections (b), (c), and (d) of this Section if the inability to use the allegedly Non-Conforming Product causes a shortfall of available Kits or finished product to meet the Clinical Requirements or the Commercial Requirements.

4.8 **Shipment**

IDEC shall ship the Kits to such destinations chosen by SCHERING to the extent that such shipments are permitted by law and practical for IDEC given the regulatory requirements of the United States and the importing country. Such shipments shall be by carriers acceptable to SCHERING. Shipment shall be F.O.B (as defined in the latest version of INCOTERMS from time to time in force) IDEC San Diego or the site of IDEC's designee, provided that IDEC's designee is located in the United States or the European Union. Title and risk of loss as to all Kits shipped shall pass to SCHERING upon delivery to the carrier. SCHERING shall be responsible for all freight, freight brokerage, insurance and other costs attributable to shipping the Kits from the manufacturing site to any destination chosen by SCHERING.

4.9 **Governing Terms**

All sales of Kits from IDEC to SCHERING shall be subject to the provisions of the Supply Agreement, including the Specifications, and shall not be subject to any terms and conditions contained on any Firm Forecasts or purchase orders submitted under the Supply Agreement, except insofar as any such Firm Forecasts or purchase orders establishes in writing: (i) the quantity of any Kits ordered; (ii) the delivery date, consistent with the terms hereof; (iii) the shipment routes; or (iv) the carrier selected by SCHERING.

4.10 **Taxes**

SCHERING purchasing Kits hereunder shall bear all applicable federal, provincial, municipal and other governmental taxes (such as sale, use or similar taxes), duties, or import charges, except for any tax on profits that IDEC may be required to pay or collect as a result of the Supply Agreement.

4.11 **No Implied Representations, Warranties or Conditions**

IDEC warrants that each of the Kits supplied by IDEC shall meet the Specifications (see **Exhibit A**), and shall be manufactured according to CGMPs. and in accordance with the provisions of the Inter-Company Quality Agreement. EXCEPT AS OTHERWISE EXPRESSLY HEREIN PROVIDED, IDEC MAKES NO REPRESENTATIONS OR WARRANTIES AND THERE ARE NO CONDITIONS, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE KITS SUPPLIED HEREUNDER, INCLUDING, WITHOUT LIMITATION, ANY SUCH REPRESENTATIONS, WARRANTIES OR CONDITIONS WITH RESPECT TO THE NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF SUCH KITS OR FINISHED PRODUCT.

ARTICLE V

PAYMENTS AND INVOICES

5. 1 **Payment for Clinical Requirements and Commercial Requirements**

(a) Clinical Requirements. IDEC will supply all Clinical Requirements of Kits, which are used in clinical studies for obtaining all Regulatory Approvals in the Licensed Territory at [***] of Cost of Goods Sold.

(b) Commercial Requirements. The Parties good faith estimate of Cost of Goods Sold is [***] per Kit. Assuming that only one such Kit is necessary per patient therapeutic protocol (i.e., elimination of the Imaging Step), IDEC shall supply SCHERING with Commercial Requirements at up to [***] of IDEC's Cost of Goods Sold up to [***] per Kit ("Cost Plus Maximum Price"). Above the Cost Plus Maximum Price, IDEC will supply Commercial Requirements at [***] of Cost of Goods Sold. In the event that any regulatory authorities in the Licensed Territory approves Licensed Product with a label requiring the majority of patients to use two such Kits (including the Imaging Step) per patient therapeutic protocol, IDEC shall supply SCHERING with Commercial Requirements at up to [***] of IDEC's Cost of Goods Sold up to [***] per two Kits ("Two Kits Cost Plus Maximum Price") above the Two Kit Cost Plus Maximum Price, IDEC will supply Commercial Requirements at [***] of Cost of Goods Sold.

5.2 **Invoices and Method of Payment**

(a) For the first calendar year or part thereof during which Kits are purchased by SCHERING from IDEC hereunder (the "First Purchase Year"), the purchase price of Kits and Kit Components will be based on a good faith assessment by IDEC , taking account of all available knowledge and experience, of the likely actual Costs of Goods Sold of the Kit in the First Purchase Year. Within three months of the end of the First Purchase Year, IDEC will notify SCHERING of the actual Cost of Goods Sold of Kits supplied during the First Purchase Year and the purchase price will be retroactively adjusted. Each Party shall pay any sums owing to the other Party as a result of such adjustment within four (4) weeks of notification by the other Party of the amount due. The purchase price of the Kit for the calendar year following the First Purchase Year (such year and every succeeding calendar year being referred to as a "Purchase Year") will be calculated on the basis of the actual Cost of Goods Sold of Kits in the First Purchase Year and will be retroactively adjusted within three months of commencement of the next Purchase Year and the same procedure will be followed for each Purchase Year of the Supply Agreement.

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(b) IDEC shall prepare an invoice for each shipment of Kits setting forth the purchase price, broken down into Antibody Manufacturing Cost, Cost of Non-Antibody Components and Third Party Royalties. All payments to be made hereunder shall be made within thirty (30) days in U.S. dollars by bank wire transfer in immediately available funds to such account as IDEC shall designate before such payment is due, free and clear of any taxes, duties, levies, fees or charges, except for withholding taxes due on behalf of the seller (to the extent applicable). SCHERING shall make any withholding payments due on behalf of IDEC and shall promptly provide IDEC with written documentation of any such payment sufficient to satisfy the reasonable requirements of an appropriate tax authority with respect to an application by the selling Party for a foreign tax credit for such payment or for similar treatment.

5.3 **Audits**

SCHERING shall have the right once per calendar year to request that its independent public accounting firm perform an audit of IDEC's books of accounts for the sole purpose of verifying the calculations of Cost of Goods Sold in accordance with the Supply Agreement. Such audits will be conducted at the expense of SCHERING; provided, however, that if the audit results in an adjustment of greater than [***] percent [***] for Cost of Goods Sold in any period, the cost of the audit will be borne by IDEC. Audit results will be shared with both Parties. Audits are limited to results in the two (2) years prior to audit notification.

ARTICLE VI

ALTERNATE SUPPLY

6.1 **Non-Antibody Components**

After the Supply Agreement between IDEC and Catalytica expires or is terminated (provided that the earliest termination date is no later than five years following Regulatory Approval of Licensed Product in Licensed Territory, SCHERING shall be entitled to have its requirements of Non-Antibody Components supplied by an alternate supplier. SCHERING shall have the right to equip and qualify itself, an Affiliate, or a third party for the manufacture of Non-Antibody Components provided that SCHERING gives IDEC [***] months notice of its decision to switch suppliers, and provided further that IDEC does not have any reasonable objective grounds to object to such supplier.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

6.2 **Alternate Supply of Antibody Conjugate**

(a) Whenever IDEC anticipates that it will be unable to supply those quantities of Antibody Conjugate necessary to meet SCHERING's Clinical Requirements or Commercial Requirements, as the case may be, IDEC shall promptly notify SCHERING of such anticipated inability. SCHERING shall be relieved of its obligation to purchase its requirements of Antibody Conjugate exclusively from IDEC during the period of IDEC's inability to supply.

(b) In the event (a) that IDEC should be unable to supply those quantities of Antibody Conjugate necessary to meet SCHERING's Clinical Requirements or Commercial Requirements, as the case may be, for a period exceeding [***]months; or (b) IDEC notifies SCHERING of its decision to cease production of Antibody Conjugate at IDEC's Facility; or (c) IDEC is no longer selling Licensed Product in the United States and the Cost of Goods Sold plus [***] for Kits (or, if the imaging step is required, the Cost of Goods Sold plus [***]) is greater than [***] times the price per Kit that SCHERING can document with a binding contract manufacturing bid based on good faith arms length negotiations,; in each such case SCHERING shall be relieved of its obligation to purchase Antibody Conjugate solely from IDEC and IDEC shall cooperate with SCHERING and any alternative supplier designated by SCHERING to allow such alternative supplier to meet SCHERING's Clinical Requirements and Commercial Requirements of Antibody Conjugate, including the provision of a royalty-free license under any manufacturing technology of IDEC. SCHERING warrants that it will secure all the licenses necessary to manufacture Licensed Product.

ARTICLE VII

DISPUTE RESOLUTION

7.1 **Disputes**

(a) The Parties recognize that disputes as to certain matters may from time to time arise during the term of the Supply Agreement which relate to the Parties' rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under the Supply Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article VII, if and when a dispute arises under the Supply Agreement.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

(b) Any unresolved disputes arising hereunder shall be first referred to the Steering Committee under the Collaboration Agreement by any Party at any time after such dispute has arisen and such Party believes that there has been sufficient discussion of the matter at levels below the Steering Committee. If the Steering Committee is unable to resolve such dispute within [***] days of being requested by a Party to resolve a dispute, any Party may, by written notice to the other, have such dispute referred to their respective chief operating officers, for attempted resolution by good faith negotiations within [***] days after such notice is received. In the event the designated operating officers are not able to resolve such dispute, any Party may at any time after the [***] day period invoke the provisions of Section 7.2

7.2 **Mediation and Arbitration**

The Parties agree that any dispute, controversy or claim (except as to any issue relating to intellectual property owned in whole or in part by IDEC or SCHERING) arising out of or relating to the Supply Agreement, or the breach, termination, or invalidity thereof, shall be resolved through negotiation, mediation and/or binding arbitration. If a dispute arises between the Parties, and if said dispute cannot be resolved pursuant to Section 7.1, the Parties agree to first try in good faith to resolve such dispute by mediation administered by the American Arbitration Association in accordance with its Commercial Mediation Rules. If efforts at mediation are unsuccessful within [***] days, any unresolved controversy or claim between the Parties shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except as modified herein. Each Party shall select one arbitrator to resolve the dispute. The arbitration decision shall be rendered within six months of conclusion of mediation and shall be binding and not be appealable to any court in any jurisdiction. The prevailing Party may enter such decision in any court having competent jurisdiction. The mediation or arbitration proceeding shall be conducted in New York, New York. The Parties agree that they shall share equally the cost of the mediation/arbitration filing and bearing fees, and the cost of the mediator/arbitrator. Each Party must bear its own attorney's fees and associated costs and expenses.

7.3 **Jurisdiction**

For the purposes of this Article VII, the Parties agree to accept the jurisdiction of the federal courts located in the Southern District of New York for the purposes of enforcing awards entered pursuant to this Article and for enforcing the agreements reflected in this Article.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

ARTICLE VIII

TERM AND TERMINATION

8.1 **Term and Termination**

The Supply Agreement shall commence as of the Effective Date and continue in full force and effect until the Collaboration Agreement is terminated or expires subject to any ongoing obligations provided for in the Collaboration Agreement, which shall apply also to the Supply Agreement.

8.2 **Termination for Breach**

This Agreement may be terminated (i) in its entirety by either Party in the event of the material breach or default by the other Party of the terms and conditions hereof or (ii) with respect to the 2B8 or the Antibody Conjugate or any Non-Antibody Components in the event of the material breach or default by the other Party of the terms and conditions hereof with respect to the 2B8 or the Antibody Conjugate or the Non-Antibody Components as the case may be, provided however that the other Party shall first give to the defaulting Party written notice of the proposed termination or cancellation of this Agreement, specifying the grounds therefor. Upon receipt of such notice, the defaulting Party shall have sixty (60) days to respond by curing such default or by delivering to the other Party a certificate that such breach is not capable of being cured within such sixty (60) days and that the breaching Party is working diligently to cure such breach, but in no event shall the time period for curing such breach exceed an additional thirty (30) days. If the breaching Party does not so respond or fails to cure the breach within the additional time set forth above, then the other Party may terminate this Supply Agreement, either in its entirety or with respect to 2B8 or the Antibody Conjugate or the Non-Antibody Components, as the case may be. Termination of this Supply Agreement pursuant to this Section 8.2 shall not affect any other rights or remedies which may be available to the non-defaulting Party and shall not effect termination of the Collaboration Agreement.

8.3 **Consequences of Termination**

In the event of termination by SCHERING pursuant to Section 8.2 above, the provisions of Section 14.5(c) of the Collaboration Agreement shall apply.

ARTICLE IX

MISCELLANEOUS

9.1 **Notices**

All notices and demands required or permitted to be given or made pursuant to the Supply Agreement shall be in writing and given: (i) immediately upon personal delivery or facsimile transmission to the Parties to be notified, (ii) one (1) day after deposit with a commercial overnight courier with tracking capabilities, or (iii) five (5) days after deposit with the United States Postal Service, by registered or certified mail, postage prepaid and properly addressed to the address of the Party to be notified as shown below:

to IDEC:	Corporate Secretary IDEC Pharmaceuticals Corporation 11011 Torreyana Road San Diego, CA 92121
with copies to:	President Facsimile: 01 (858) 550-8750
to SCHERING:	Schering A.G. 13342 Berlin, Germany Facsimile: 011 49 30 4681 4086

or to such other address as to which either Party may notify the other in accordance with this Section. Any notice sent by facsimile shall be followed within 24 hours by a signed notice sent by overnight courier.

9.2 **Force Majeure**

Neither Party shall lose any rights hereunder or be liable to the other Party for damages or losses on account of failure of performance by the defaulting Party if the failure is occasioned by government action, war, fire, earthquake, explosion, flood, viral, bacterial, or mycoplasm contamination of Licensed Product with no assignable cause for any such contamination after FDA mandated inspection by IDEC, strike, lockout, embargo, act of God, or any other cause beyond the control of the defaulting Party, whether or not of the kind listed in the foregoing examples, provided that the Party claiming force majeure has exerted all reasonable efforts to avoid or remedy such force majeure; *provided*, *however*, that in no event shall a Party be required to settle any labor dispute or disturbance. To the extent one Party is unable to perform its obligations hereunder due to a force majeure event described in the preceding sentence and the other Party is commercially able to do so (the “Able Party”“), the Able Party shall use its Commercially Reasonable and Diligent Efforts to perform the obligations of the Unable Party for appropriate compensation so long the Unable Party is affected by the force majeure event.

9.3 **Assignment**

The Supply Agreement shall be binding upon and inure to the benefit of the Parties, their successors and permitted assigns. Neither Party may assign the Supply Agreement without the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld; provided, however, either Party may assign, without consent of the other Party, all of its rights and obligations under the Supply Agreement in connection with a merger or similar reorganization or the sale of all or substantially all of its assets, or otherwise with the prior written consent of the other Party. The Supply Agreement shall survive any such merger or reorganization of either Party with or into, or such sale of assets to, another party and no consent for such merger, reorganization or sale shall be required hereunder.

9.4 **Waiver**

Except as specifically provided for herein, the waiver from time to time by either of the Parties of any of their rights or their failure to exercise any remedy shall not operate or be construed as a continuing waiver of same or of any other of such Party's rights or remedies provided in the Supply Agreement.

9.5 **Severability**

If any term, covenant or condition of the Supply Agreement or the application thereof to any Party or circumstance shall, to any extent, be held to be invalid or unenforceable, then (i) the remainder of the Supply Agreement, or the application of such term, covenant or condition to Parties or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of the Supply Agreement shall be valid and be enforced to the fullest extent permitted by law; and (ii) the Parties hereto covenant and agree to renegotiate any such term, covenant or application thereof in good faith in order to provide a reasonably acceptable alternative to the term, covenant or condition of the Supply Agreement or the application thereof that is invalid or unenforceable, it being the intent of the Parties that the basic purposes of the Supply Agreement are to be effectuated.

9.6 **Governing Law**

The Supply Agreement shall be governed by and construed in accordance with, the laws of the State of California without giving effect to principles of conflict of laws or the United Nations Convention on Contracts for the International Sale of Goods.

9.7 **Ambiguities**

Ambiguities, if any, in the Supply Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision.

9.8 **Counterparts**

The Supply Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.9 **Conflicts with Collaborations Agreement**

To the extent that there is any conflict between any of the terms of the Supply Agreement and any of the terms of the Collaboration Agreement, the terms of the Supply Agreement shall govern.

9.10 **Entire Agreement**

Except for those agreements expressly identified in the Supply Agreement, the Supply Agreement, including all Exhibits attached hereto which are hereby incorporated herein by reference, sets forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto regarding the subject matter hereof. No subsequent alteration, amendment, change or addition to the Supply Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties.

9.11 **Accrued Rights, Surviving Obligations**

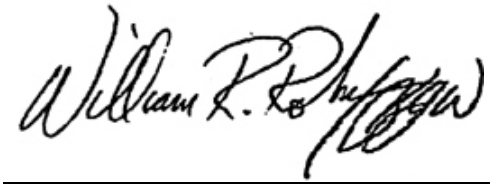
Termination, relinquishment or expiration of the Supply Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of either party prior to such termination, relinquishment or expiration, including damages arising from any breach hereunder. Such termination, relinquishment or expiration shall not relieve either Party from obligations under Sections 4, 11, Article VII, Sections 8.3, 9.3, 9.4, 9.5, 9.6, 9.7, 9.9, 9.10, and 9.11 herein, and any other obligations which are expressly indicated to survive the termination or expiration of the Agreement.

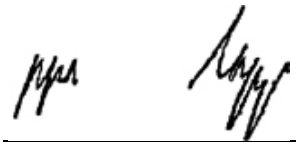
IN WITNESS WHEREOF, the Parties have executed the Supply Agreement effective on the date first set forth above.

SCHERING AKTIENGESELLSCHAFT

By: 
Title: MEMBER OF BOARD OF EXECUTIVE DIRECTORS
Date: 9th June 1999

IDEC PHARMACEUTICALS CORPORATION

By: 
Title: CHIEF OPERATING OFFICER
Date: JUNE 9, 1999

By 
Title HEAD OF STRATEGIC BUSINESS UNIT THERAPEUTICS

Date 9th June 1999

EXHIBIT A

Specifications

Current specifications are provisional and will be established upon completion of the 1999 BLA-enabling campaigns

TABLE 10

IDEC-2B8-MX-DTPA KIT COMPONENT

RELEASE TESTING AND SPECIFICATIONS

[***]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

TABLE 11

FORMULATION BUFFER

RELEASE TESTING AND SPECIFICATIONS

[***]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

TABLE 12

50 Mm SODIUM ACETATE

RELEASE TESTING AND SPECIFICATIONS

[***]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

TABLE 13

REACTION VIAL

RELEASE TESTING AND SPECIFICATIONS

[***]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

EXHIBIT B

Intercompany Quality Agreement

INTERCOMPANY QUALITY AGREEMENT

Between IDEC Pharmaceuticals Corporation and Schering A.G.

TABLE OF CONTENTS

1. QUALITY AGREEMENT

1.1 Purpose

This agreement defines the roles, responsibilities and interactions between the Quality Departments of IDEC PHARMACEUTICALS CORPORATION (herein called “IDEC”) and SCHERING AG (herein called “SCHERING”).

1.2 Relationship to Supply Agreement

This agreement shall be incorporated within and constitute a part of the Supply Agreement between the two companies. Terms defined in the Supply Agreement and used in this Agreement shall have the meanings attributed to them in the Supply Agreement unless expressly stipulated to the contrary.

1.3 The Products

The PRODUCTS covered by this agreement are described in the Supply Agreement and include 2B8; the Antibody Conjugate; the Non-Antibody Components; and the Kits, all of which are referred to collectively in this Intercompany Quality Agreement as the PRODUCTS.

2. QUALITY CONTACTS

Emergency contact names and numbers, during and outside working hours, for the heads of Quality at each company:

John Geigert
Vice President, Quality, IDEC

Work: (858) 550-8641
Home: (760) 943-6986

Dr. Anneliese Fehse-Jonas
Head of Quality Control, SCHERING,

Work: 0049 30 4681 2526
Home: 0049 30 3616 723

The IDEC and SCHERING Quality Departments will jointly establish a list of Quality contacts in order to conduct their business.

3. MANUFACTURING CGMP COMPLIANCE

3.1 General

The manufacturing operations for the PRODUCTS are defined in the Supply Agreement.

3.2 Facilities

3.2.1 IDEC will manufacture 2B8 at an IDEC facility. Catalytica Pharmaceuticals or another designee so designated by IDEC (under contract to IDEC) and agreed to by SCHERING will manufacture the Antibody Conjugate from 2B8 supplied by IDEC and the Non-Antibody Components at its Greenville, North Carolina site.

3.2.2 The premises and equipment used to manufacture the Kit Components will be according to current regulatory requirements and in accordance with Regulatory Approvals and in accordance with the controlled documentation approved by IDEC and agreed with SCHERING.

3.2.3 IDEC shall not be entitled to make a change in the facility that will impact the manufacture of the PRODUCTS from a regulatory compliance standard or which would otherwise have an adverse impact on SCHERING in Licensed Territory without the prior written consent of SCHERING, such consent not to be unreasonably withheld.

3.2.4 The production of the PRODUCTS will be conducted in a suitably controlled environment and such facilities will be regularly monitored for parameters critical to the process (e.g., temperature, room pressures, viable and non-viable particles) to demonstrate compliance with CGMP guidelines and any conditions registered in the manufacturing authorization.

3.2.5 Controlled access will be maintained to the premises. All visitors must sign-in and are escorted during any visit to the areas of the premise used to manufacture, test, and store the PRODUCTS.

3.3 CGMP Compliance

The principles detailed in the US Current Good Manufacturing Practices (21 CFR 200, 211, and 600) and “The Rules Governing Medicinal Product in The European Community—Volume IV Good Manufacturing Practice for Medicinal Products” CGMP Guidelines will cover the standards of manufacture of the PRODUCTS, including any applicable product license requirements.

3.4 **Master Controlled Documents**

3.4.1 IDEC is responsible for ensuring that master batch records are in place for all manufacturing operations related to the PRODUCTS.

3.4.2 IDEC is responsible for ensuring that SOPS required to manufacture the PRODUCTS, and to support CGMPS, are in place.

3.4.3 Changes to these controlled documents will be handled as outlined by Change Management (see Section 8).

3.5 **Manufacturing Processes**

3.5.1 IDEC is responsible for ensuring that all equipment, computer, utility and facility qualification and validation activities associated with the manufacture of the PRODUCTS are in place.

3.5.2 IDEC is responsible for ensuring that the manufacturing processes for the PRODUCTS are validated.

3.5.3 IDEC is responsible for ensuring that adequate cleaning is carried out between lots of different products to prevent contamination, and that there are established cleaning limits for product changeover.

3.6 **Lot Numbers**

IDEC is responsible for ensuring that “Lot Identification Numbers” for all PRODUCTS are in place, and will provide a unique identifier to each lot.

3.7 **Dates of Manufacture and Expiration**

3.7.1 Date of Manufacture

The Date of Manufacture will be defined in master production records.

3.7.2 Expiration Date

IDEC, consistent with regulatory agency approval, will set the expiry period for the PRODUCTS.

The Expiration Date will be calculated from the Date of Manufacture using the approved expiry period. The Expiration Date will be the last day of the month computed above.

3.8 **Storage and Shipment**

3.8.1 Storage

IDEC, consistent with regulatory agency approval, will set the storage conditions for the PRODUCTS.

3.8.2 Shipment

Any shipment of the PRODUCTS requires prior written consent by IDEC Quality. This authorization will be on a lot by lot basis.

4. QUALITY CONTROL

4.1 **General**

The QC testing activities for the PRODUCTS are divided by contract between IDEC and Catalytica. In general, IDEC is responsible for testing activities related to the 2B8 and the Antibody Conjugate. In general, Catalytica is responsible for testing activities related to the sodium acetate buffer component, the formulation buffer component and the reaction vial component. Notwithstanding any such division of responsibility, IDEC remains solely responsible to SCHERING for all QC testing of PRODUCTS.

4.2 **CGMP Compliance**

The principles detailed in the US Current Good Manufacturing Practices (21 CFR 200, 211, and 600) and "The Rules Governing Medicinal Product in The European Community—Volume IV Good Manufacturing Practice for Medicinal Products" CGMP Guidelines will cover the standards of QC for the PRODUCTS, including the product specifications and any applicable product license or pharmacopoeia or formulatory requirements.

4.3 **Master Controlled Documents**

4.3.1 IDEC is responsible for ensuring that master controlled documents are in place for all QC operations (e.g., laboratory operations, sampling plans, test methods, specifications and stability protocols) related to the PRODUCTS.

4.3.2 Changes to these controlled documents will be handled as outlined by Change Management (see Section 8).

4.4 **Raw Materials and Components**

4.4.1 IDEC is responsible for ensuring that approved suppliers for raw materials and components used in the manufacture of the PRODUCTS are in place.

4.4.2 IDEC is responsible for ensuring that qualification of the approved raw material suppliers is in place.

4.4.3 IDEC is responsible for ensuring that only chemical materials, packaging and labeling components, approved within the master production records, are used.

4.5 **In-Process and Product Testing**

4.5.1 IDEC is responsible for ensuring that all required QC in-process and product testing is carried out using the sampling plans, test methods and specifications listed in master controlled documents.

4.5.2 IDEC will qualify reference standards, and will work with SCHERING to ensure that an adequate supply is available for SCHERING's use if needed. Financial liability for supplying SCHERING with such standards shall be at SCHERING's expense.

4.5.3 SCHERING may perform testing to confirm IDEC provided test results, at their expense. Dispute resolutions in conflicting test data will be handled per Section 7.

4.5.4 Should regulatory agencies require SCHERING to perform on-site QC testing for the PRODUCTS, IDEC will work with SCHERING to transfer the relevant test methods and validate the assays at the new site. Financial liability for these activities shall be at SCHERING's expense.

4.6 **QC Action Limits and Specifications**

4.6.1 Each in-process QC test will have an action limit assigned and each product release QC test will have a specification assigned.

4.6.2 Changes to these controlled action limits and specifications will be handled as outlined by Change Management (see Section 8).

4.7 **Retain Samples**

4.7.1 Retain Samples – Excipients Used in Final Formulations

IDEC will ensure that retain samples of the excipients used in the final formulations are held for at least six (6) years beyond the expiry period of the Licensed Products in which used. The amount of sample retained will be twice the quantity required to carry out all of the tests required to determine if the material meets its specifications, with the exception of sterility and pyrogen testing. (21 CFR 211.170a)

4.7.2 Retain Samples – PRODUCTS

IDEC will ensure that it retains samples of the PRODUCTS are held for at least six (6) years beyond the expiry period. The amount of sample retained will be four times the quantity required to carry out all of the tests required to determine if the material meets its specifications, with the exception of sterility and pyrogen testing. (21 CFR 211.170b) SCHERING will be granted access to half of the retained samples for SCHERING's own analysis.

4.8 **Stability Program**

4.8.1 IDEC is responsible for ensuring that a routine stability testing program for the PRODUCTS is in place.

4.8.2 The stability program will be in compliance with regulatory agency commitments.

4.8.3 The stability program will generally follow ICH guidelines.

4.8.4 Any confirmed problems that arise as a result of the stability program will be communicated promptly to SCHERING by IDEC.

4.9 **Contract QC Laboratories**

4.9.1 IDEC is responsible for ensuring the compliance of any QC laboratories that may be contracted to perform testing of the PRODUCTS or materials used in the manufacture of the PRODUCTS.

4.9.2 IDEC will have an agreement with each contract testing laboratory that permits access by regulatory agency inspectors and IDEC auditors.

4.10 **Out-of-Specification (OOS) Investigations**

4.10.1 IDEC is responsible for ensuring that the appropriate investigation is carried out for any testing that fails to meet specification.

4.10.2 Each investigation will be reviewed and approved by IDEC, and will follow the current procedures recommended by regulatory agencies.

5. QUALITY ASSURANCE

5.1 General

The QA activities for the PRODUCTS are divided by contract between IDEC and Catalytica. In general, IDEC is responsible for QA activities related to the 2B8 and the Antibody Conjugate. In general, Catalytica is responsible for QA activities related to sodium acetate buffer component, the formulation buffer component, and the reaction vial component. IDEC has absolute responsibility for release of the PRODUCTS.

5.2 CGMP Compliance

The principles detailed in the US Current Good Manufacturing Practices (21 CFR 200, 211, and 600) and "The Rules Governing Medicinal Product in The European Community – Volume IV Good Manufacturing Practice for Medicinal Products" CGMP Guidelines will cover the standards of QA for the PRODUCTS, including any product license requirements.

5.3 Master Controlled Documents

5.3.1 IDEC is responsible for ensuring that master controlled documents are in place for all QA operations (e.g., investigations, auditing, lot release protocols) related to the PRODUCTS.

5.3.2 Changes to these controlled documents will be handled as outlined by Change Management (see Section 8).

5.4 Variance Investigations

5.4.1 IDEC will ensure that any variance (deviation) that arises from either the process during manufacture or testing the PRODUCTS is carefully explained and documented in the records, justified and approved by Quality Assurance.

5.4.2 Any QC in-process action limit (see Section 4.6.1) that is exceeded will be treated as a variance.

5.4.3 IDEC will notify SCHERING if any problems are discovered during the investigation of a variance that may impact the PRODUCTS lot(s) previously shipped.

5.5 Lot Disposition

5.5.1 Release of the PRODUCTS for further labeling and distribution by SCHERING is the absolute responsibility of IDEC Quality.

5.5.2 For each lot released, IDEC will provide SCHERING a copy of the Certificate of Analysis (COA) and a Certificate of Compliance (COC).

5.5.3 Certificate of Analysis (COA): This document will include the name of the PRODUCTS, the lot number and the date of manufacture. The COA will list the In-Process QC tests performed, action limits and actual test results. The COA will also list the product release QC tests performed, specifications and actual test results.

5.5.4 Certificate of Compliance (COC): This document will attest to the fact that the lot of PRODUCTS was made in accordance with all applicable regulations, product licenses, and company policies. This document will include the lot quantity approved, the lot yield, and the expiration date. It will also include a listing of all manufacturing variances and/or incidents for the lot that have been adjudicated

5.5.5 The separate Kit Components will be minimally identified by size and the distinct color of caps or such reasonable identifiers requested by SCHERING.

5.6 **Product Complaints**

5.6.1 IDEC is responsible for receiving and initially investigating any Licensed Products complaints in the United States.

5.6.2 IDEC will notify SCHERING promptly, in any case within five (5) Business Days, of any product complaints received, SCHERING will respond in writing with five (5) business days, and IDEC will provide SCHERING in writing the results of the investigation within thirty (30) business days.

5.6.3 SCHERING is responsible for receiving and initially investigating any Licensed Products complaints in the Licensed Territory.

5.6.4 SCHERING will notify IDEC promptly, in any case within five (5) Business Days, of any product complaints received, IDEC will respond in writing within five (5) business days, and SCHERING and will provide IDEC in writing the results of the investigation within thirty (30) business days.

5.6.5 IDEC will send SCHERING a listing of all product complaints received during the preceding year in respect of the Licensed Product by the end of February in each year.

5.6.6 SCHERING will send IDEC a list of all product complaints received during the preceding year in respect of the Licensed Product by the end of February in each year.

5.7 **Product Recalls**

5.7.1 IDEC is responsible for instituting a Licensed Product recall in the United States due to any defect considered sufficiently serious.

5.7.2 IDEC will notify SCHERING within 24 hours of any recall of the Licensed Product, and will work closely with SCHERING on any proposed corrective actions.

5.7.3 SCHERING is responsible for instituting a Licensed Product recall in the Licensed Territory due to any defect considered sufficiently serious.

5.7.4 SCHERING will notify IDEC within 24 hours of any recall of the Licensed Product, and will work closely with IDEC on any proposed corrective actions.

5.7.5 Before any product recall is carried out, the drug safety manager of SCHERING or IDEC as the case may be will notify his counterpart of the reason for the withdrawal.

5.7.6 Without prejudice to the provisions of Article XV of the Collaboration Agreement or any other remedies available to SCHERING, where such Product Recall has been caused by any breach by IDEC of its obligations under the Collaboration Agreement, the Supply Agreement or the Intercompany Quality Agreement, then IDEC shall pay all of SCHERING's actual costs for notification, destruction or return of the units of Licensed Product recalled and pay any costs directly associated with the manufacture or distribution of replacement Licensed Product. SCHERING may also, without penalty, amend the Firm Forecast for the six months following the date of the Product Recall to take account of such Product Recall.

5.8 **Records Retention**

5.8.1 IDEC is responsible for ensuring that records are kept of equipment usage (previous product produced in non-dedicated equipment), of cleaning, and of any maintenance/calibration performed.

5.8.2 IDEC is responsible to ensure that lot production records and testing records are maintained for the PRODUCTS for the expiry date of the PRODUCTS plus one year, at a minimum.

5.9 **QA Presence in the Manufacturing Facility**

IDEC is responsible for ensuring that adequate QA presence occurs in the manufacturing facility during the manufacture of the PRODUCTS to ensure compliance with CGMPs.

6. REGULATORY CMC COMPLIANCE

6.1 Regulatory Compliance Inspections

6.1.1 IDEC will inform SCHERING with as much advance notice as possible of any regulatory inspections that may involve the PRODUCTS and shall, where possible, provide SCHERING with the opportunity to observe the inspection closeout session, if requested.

6.1.2 IDEC also agrees to notify SCHERING promptly of any written or oral inquiries, notifications or inspection activity by any governmental entity (or any third party authorized by a governmental entity) in regard to any of the PRODUCTS. IDEC shall furnish to SCHERING promptly copies of any report or correspondence issued by the governmental entity (or a third party authorized by a governmental entity) in connection with such visit or inquiry, including but not limited to any FDA Form 483 (List of Inspectional Observations) or warning letter or equivalents thereto from the EMEA or other regulatory authority in the Licensed Territory and copies of all responses or explanations relating to items set forth above, in each case purged only of trade secrets or other confidential or proprietary information of IDEC that are unrelated to the obligations under this Agreement or the Supply Agreement and are unrelated to the PRODUCTS

6.1.3 IDEC shall notify SCHERING of any other production issues or other information of which IDEC becomes aware which may affect the regulatory status of the PRODUCTS.

6.1.4 IDEC agrees to promptly rectify or resolve any deficiencies noted by a governmental entity (or a third party authorized by a governmental entity) in a report or correspondence issued to IDEC and which are relevant to IDEC's performance under this Agreement or the Supply Agreement or the Collaboration Agreement.

6.1.5 IDEC will inform SCHERING sufficiently in advance of any CMC commitment to a regulatory agency resulting from an inspection regarding the PRODUCTS. SCHERING will be given the opportunity to comment on the proposed response to regulatory agencies in the Licensed Territory. IDEC will give due consideration to SCHERING's comments, provided the comments are received by IDEC within time commitments needed to address regulatory concerns.

6.1.6 SCHERING has the right to perform an inspection at IDEC or at any third party engaged in manufacturing or testing Kit Components subject to limitations of Section 6.2. IDEC will also cooperate in any inspection required by any European or Japanese regulatory authority.

6.2 **Right to Audit**

6.2.1 IDEC will allow representatives from SCHERING to have access to manufacturing, warehousing, laboratory premises and records at IDEC for audit purposes listed below in 6.2.2 and 6.2.3. SCHERING representatives will be escorted at all times by IDEC personnel.

6.2.2 IDEC will permit SCHERING to conduct for cause investigative audits to address material PRODUCT quality or safety problems.

6.2.3 IDEC will permit SCHERING to perform one standard GMP compliance audit per year in those years which IDEC is conducting a manufacturing campaign. A thirty day written notice to IDEC is required to permit scheduling.

6.2.4 SCHERING auditing of Third Party contracted operations (e.g., Catalytica) will occur only under IDEC's lead and consistent with contractor's policies.

6.3 **Audit Closeout**

6.3.1 An exit meeting will be held with representatives from SCHERING and IDEC to discuss significant audit observations.

6.3.2 SCHERING will provide a written report of all observations to IDEC. IDEC will provide a written response to all findings.

7. DISPUTE RESOLUTION

7.1 **Non-Conformity Dispute**

In the event that a dispute arises between SCHERING and IDEC in the non-conformity of a lot of the PRODUCTS, the heads of Quality, or their delegated representatives, from both companies will in good faith promptly attempt to reach an agreement.

7.2 **Test Result Dispute**

7.2.1 In the event that a dispute arises between SCHERING and IDEC in the testing performed by SCHERING for the PRODUCTS, the resolution will proceed in stages. The first stage requires direct communication between analysts from both parties to determine that the methods of analysis are the same and are being executed in the same manner at both sites. Second, carefully controlled and split samples should be sent from one site to another in an attempt to reach agreement. Should there be a failure to achieve resolution, analysts from both parties will be required to meet to work through the analysis of a mutually agreeable sample. If these actions fail to achieve resolution, and only after these avenues have been exhausted, a qualified referee laboratory will be used to achieve resolution. This laboratory must be agreeable to both parties prior to use. The results from this referee laboratory will be used as final authority to determine responsibilities.

7.2.2 In the event that the heads of Quality are unable to resolve the dispute within thirty days, the Parties shall select an independent testing laboratory acceptable to both parties to perform an analysis of nonconformity and render a decision on the responsible party. The decision of such independent testing laboratory shall be final and binding on the Parties. In the event the independent testing laboratory determines the dispute in SCHERlNG's favor, the costs of the testing laboratory will be borne by IDEC. In the event that the independent testing laboratory determines the dispute in IDEC's favor, the costs of the testing laboratory will be borne by SCHERING.

8. CHANGE MANAGEMENT

8.1 Change Consent

Upon filing of the Market Authorization Application (MAA) in the Licensed Territory, IDEC agrees that no changes will be made to any materials, specifications, equipment or methods of production or sites of production or testing of any PRODUCTS without SCHERlNG's prior written approval, such approval not to be unreasonably withheld. Subsequent to such approval of SCHERING, IDEC may then make such approved changes in manufacturing procedures so long as, in any event, (i) such changes are permitted by applicable governmental regulations and the terms of any licenses, registrations, authorizations or approvals previously granted by the applicable governmental entity with respect to such PRODUCTS, and (ii) SCHERING receives copies of all documentation relating to such approved changes. If the changes require the additional license, registration, authorization or approval of any applicable governmental entity in the Licensed Territory, IDEC may not implement the changes until it receives written notice from SCHERING that the governmental entity has authorized the change. IDEC shall cooperate fully with SCHREING in preparing, and will provide all necessary data and information for, a submission requesting prior authorization or approval of a change in materials, specifications, equipment, locations or methods of production or testing of the PRODUCTS.

8.2 Controlled Documentation

8.2.1 All manufacturing, testing and storage operations performed for the PRODUCTS will have IDEC Quality review and written approval.

8.2.2 The Quality Departments of IDEC and SCHERING will determine which of these controlled documents also require a SCHERING Quality review and written approval.

8.3 **Change Control**

8.3.1 Changes to the controlled documents or to validated equipment and systems specific to the PRODUCTS must have an IDEC Quality written approval and the approval of SCHERING, such approval not to be unreasonably withheld, prior to implementation.

8.3.2 Changes to the controlled documents will be consistent with regulatory agency notification requirements.

9. ANNUAL PRODUCT REVIEW

IDEC is responsible for ensuring that an Annual Product Review for the PRODUCTS is prepared, per 21 CFR 211.180(e). This report will cover all manufacturing, testing and storage activities. It will be a review of any changes at in the manufacturing, testing, storage or validation of the PRODUCTS in the previous calendar year and a summary of lots made, released, and rejected. Also, control charting or trend analysis of key product parameters will be performed. Any abnormalities will be explained in the annual review.

SCHERING will receive, no later than ten (10) business days after signature of the report, five (5) copies thereof.

10. MANUFACTURING PROCESS CHANGE REPORT

IDEC is responsible for ensuring that an Annual Manufacturing Process Change Report is prepared, per 21 CFR 601.12(d).

11. CMC REGULATORY FILING SUPPORT

11.1 Each Party shall promptly notify the other of new regulatory requirements of which it may become aware which are relevant to the manufacture, testing and storage of the PRODUCTS, and shall confer with each other with respect to the best means to comply with such requirements.

11.2 If a manufacturing process change or release requirement is required by a regulatory agency, each Party shall provide reasonable technical and regulatory assistance to support any necessary regulatory filings that the filing party will make to obtain regulatory approval. Financial liability for such changes shall be at SCHERING’s expense, if such change if required in the Licensed Territory.

December 16, 2004 **VIA FEDERAL EXPRESS**

Schering A.G.
13342 Berlin, Germany

To Whom It May Concern:

This letter shall serve as an amendment to that certain Supply Agreement between Biogen Idec Inc. (formerly IDEC Pharmaceuticals Corporation) and Schering Aktiengesellschaft, dated as of June 9, 1999 (the "Agreement"). Capitalized terms used in this letter, but not otherwise defined, shall have the meanings given them in the Agreement. Except as otherwise specifically set forth in this letter, all provisions of the Agreement remain in full force and effect.

1. The Agreement is hereby amended so that during the period beginning retroactively on January 1, 2002 and ending December 31, 2004, Section 2.13 shall be amended and restated as follows:

   "2.13 **"Cost of Goods Sold"** shall mean the total of (i) $[***] per Kit and (ii) [***]."

2. The Agreement is hereby amended so that during the period beginning January 1, 2005 and ending December 31, 2009, Section 2.13 shall be amended and restated as follows:

   "2.13 **"Cost of Goods Sold"** shall mean the total of (i) $[***] per Kit and (ii) [***]; provided, that during any calendar year, if (a) a Triggering Event has occurred, (b) the average sum of the [***] and the [***] for all Kits ordered by Schering during such calendar year is less than $[***] per Kit and (c) Biogen Idec determines in its sole discretion that the Cost of Goods Sold should be adjusted retroactively for such calendar year and thereafter, the Cost of Goods Sold shall be adjusted retroactively for such calendar year and prospectively to reflect such average sum. The applicable costs for each of the four Kit Components shall be set forth in each invoice delivered to Schering by Biogen Idec."

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

3. The Agreement is hereby amended to add a new Section 2.33 as follows:

"2.33 **"Triggering Event"** shall mean (i) a material change in the manufacturing process of the Kits that requires FDA approval, (ii) a change in the manufacturing site for the Kits or a Kit Component or (iii) a material increase in the volume of Kits manufactured by Biogen Idec in a calendar year.

4. Section 5.1(b) of the Agreement is hereby amended and restated as follows:

"(b) Commercial Requirements. BIOGEN IDEC will supply all Commercial Requirements to SCHERING at BIOGEN IDEC's Cost of Goods Sold.

5. The Agreement is hereby amended to add a new Section 5.1(c) as follows:

"(c) Training Kits. If and when available for distribution, BIOGEN IDEC will supply all training Kits for clinical and commercial purposes to SCHERING free of charge; provided that under no circumstance shall BIOGEN IDEC have an obligation to manufacture Kits for such purpose. SCHERING agrees to pay for the shipping costs thereof.

6. Section 5.2(a) of the Agreement is hereby amended and restated as follows:

"(a) During the term of this Agreement, the purchase price of Kits and Kit Components will be BIOGEN IDEC's Cost of Goods Sold. In the event that the Cost of Goods Sold is retroactively adjusted at the end of a calendar year (as provided for in Section 2.13 hereof), it shall be so adjusted within three (3) months following the end of the calendar year for which an adjustment is made.

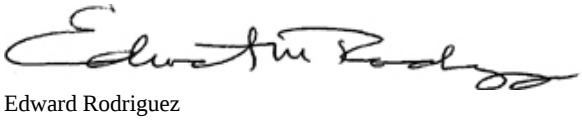
7. The first sentence of Section 5.2(b) of the Agreement is hereby amended and restated as follows:

"(b) BIOGEN IDEC shall prepare an invoice for each shipment of Kits setting forth each component of BIOGEN IDEC's Cost of Goods Sold for such Kits."

In addition to the foregoing, the Parties agree to engage in good faith discussions regarding an amendment to the Agreement beginning on January 1, 2007, to fix, for the period beginning on January 1, 2010, a mutually agreeable cap on the sum of the [***] and the [***] components for the Cost of Goods Sold. If the Parties fail to fix a mutually agreeable cap on the sum of the [***] and the [***] components for the Cost of Goods Sold, then, until such a mutually agreeable cap is fixed by the Parties, the "Cost of Goods Sold" for the period commencing on January 1, 2010 shall mean the lesser of: (1) the sum of $[***] per Kit, plus [***], or (2) the sum of the [***], plus the [***], plus [***].

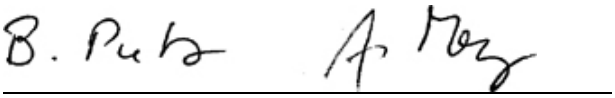
If you agree with the foregoing, please sign in the space provided below and return an original to me at your convenience.

Sincerely,



Edward Rodriguez
Vice President

Acknowledged and Agreed



Schering A.G.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

AMENDMENT TO SUPPLY AGREEMENT

This Amendment to the Supply Agreement (this "***Amendment***") is made effective as of the 16th day of January, 2012 by and between Biogen Idec US Corporation, a Massachusetts corporation ("***Biogen Idec***"), and Bayer Pharma AG, a German corporation f/k/a Schering Aktiengesellschaft ("***Bayer***"). Biogen Idec and Bayer are sometimes referred to herein individually as a "***Party***" and collectively as "***Parties***".

RECITALS

A. IDEC Pharmaceuticals Corporation and Schering Aktiengesellschaft entered into a Collaboration & License Agreement dated 9 June 1999, as amended on 13 July 2004 and 16 September 2005 (the "***Collaboration Agreement***"), relating to the development and commercialization of a product now known as Zevalin.

B. Pursuant to the Collaboration Agreement, IDEC Pharmaceuticals Corporation agreed to supply Schering Aktiengesellschaft with its requirements of Zevalin and, as such, the Parties entered into a Supply Agreement dated 9 June 1999, as amended on 14 December 2004 (the "***Supply Agreement***").

C. IDEC Pharmaceuticals Corporation is now known as Biogen Idec Inc. and Schering Aktiengesellschaft is now known as Bayer Pharma AG.

D. Effective as of 1 July 2011, Biogen Idec Inc. assigned all of its rights and obligations under the Supply Agreement to Biogen Idec, which is an Affiliate of Biogen Idec Inc. The parties wish to document Bayer's consent to such assignment.

E. The Parties wish to amend the Supply Agreement. Biogen Idec Inc. and Bayer are concurrently herewith superseding and replacing the Collaboration Agreement with an Amended and Restated License Agreement between such parties (the "***License Agreement***"); provided, however, that the Collaboration Agreement shall continue to apply with respect to events or activities occurring prior to the date hereof.

F. Bayer has agreed, subject to the terms and conditions of this Amendment, to release Biogen Idec of its supply obligations pursuant to the Collaboration Agreement and the License Agreement.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Capitalized terms used in this Amendment without definition shall have the same meanings ascribed to them in the Supply Agreement and, as applicable, the License Agreement. This Amendment shall be deemed to be Bayer's written consent to the assignment of the Supply Agreement described in Recital D above.

2. Unless terminated earlier in accordance with its terms, the Supply Agreement shall expire on December 31, 2014. Following such expiration, Biogen Idec shall have no further supply-related obligations pursuant to the Supply Agreement, the Collaboration Agreement or the License Agreement (including, without limitation, supplying Kits or manufacturing 2B8) other than as set forth in Sections 7 and 8 below (i.e., manufacturing transfer activities) and Articles II, VII and IX of the Supply Agreement. Termination, relinquishment or expiration of the Supply Agreement for any reason shall be without prejudice to any rights that have accrued to the benefit of either Party prior to such termination, relinquishment or expiration (including, without limitation, damages arising from any breach thereunder).

3. This Amendment shall become effective only upon Biogen Idec Inc. and Bayer entering into the License Agreement. If the License Agreement is not entered into, then this Amendment shall be of no force or effect.

4. The Parties agree that the Cost of Goods Sold shall be US $[***] per Kit plus [***] and shall remain fixed until the expiration of the Supply Agreement (i.e., December 31, 2014); provided, however, that the Cost of Goods Sold shall be US $[***] per Kit for each Kit ordered for delivery between [***] and [***] so long as such Kits can be supplied from inventory of Kits existing when such order is submitted.

5. Notwithstanding that the Supply Agreement requires the supply of Kits, prior to expiration or earlier termination of the Supply Agreement and upon Bayer's written request no later than [***], Biogen Idec agrees to conduct a single drug substance manufacturing campaign in [***] (at any time during [***] within [***] months of such written request) to supply Bayer with a quantity of 2B8 (i.e., the antibody) as Bayer orders to meet its anticipated requirements for the period following expiration or earlier termination of the Supply Agreement. Bayer shall make such a written request pursuant to a single purchase order sent in a manner and format consistent with Biogen Idec's reasonable direction and made in batch quantities for batches produced using the 2,000 liter bioreactors in Biogen Idec's Cambridge, MA facility. The price of such 2B8 shall be US $[***] per gram of active weight antibody for the first batch ordered and US $[***] per gram of active weight antibody for any additional batches ordered. Sections 4.7 (Non-Conforming Kit), 4.8 (Shipment), 4.9 (Governing Terms), 4.10 (Taxes) and 4.11 (No Implied Representations, Warranties or Conditions) and Article V (Payments and Invoices) shall apply with respect to any such 2B8 ordered pursuant to this Section 5 mutatis mutandis; provided, however, that payment for the price for each ordered batch shall be due and payable in [***] equal annual installments beginning on [***] and each anniversary thereof. Notwithstanding the foregoing, if Bayer assigns the Supply Agreement as contemplated by Section 6 below, then the price for each ordered batch (or, if applicable, the remaining installments for the price of each ordered batch) shall be paid in advance by the applicable assignee as a condition to such assignment; provided, however, that if such assignment occurs before such campaign, then the applicable assignee shall deposit funds for such advance payment into an escrow account with an escrow agent reasonably acceptable to Biogen Idec (it being understood that any escrow agreement, joint instructions or other terms of escrow release shall provide for the immediate release of funds to Biogen Idec upon delivery of any such 2B8 ordered pursuant to this Section 5).

6. In accordance with Section 9.3 of the Supply Agreement but subject to Section 5 above, Biogen Idec hereby consents to the assignment by Bayer of the Supply Agreement to any Third Party to whom (i) Bayer sublicenses all or substantially all of its rights in the Licensed Product pursuant to Section 5.2 the License Agreement or (ii) Bayer assigns all of its rights and obligations under the License Agreement pursuant to Section 13.1(b) of the License Agreement.

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

7. Bayer acknowledges that Biogen Idec anticipates subcontracting and/or transitioning analytical services and fill/finish activities prior to [***] and conjugation activities during [***]. Pursuant to Section 3.5 of the Supply Agreement, Bayer hereby consents to such subcontracting and/or transitioning subject to the following:

(a) Bayer shall submit any and all applicable regulatory submissions to the appropriate regulatory authority in all jurisdictions for the Licensed Territory as soon as reasonably possible for the subcontracting and/or transitioning contemplated by this Section 7 and otherwise no later than six (6) months after completion of the applicable validation.

(b) Conjugation activities by the applicable contract manufacturing organization shall be validated using the 2B8 supplied to Bayer pursuant to Section 5 above. Biogen Idec shall be responsible for the costs of the applicable validation batch or batches (including, without limitation, the contract manufacturing organization's cost of the campaign itself), except that Bayer shall pay Biogen Idec US $[***] per gram of active weight antibody used to produce Antibody Conjugate for the first batch and US $[***] per gram of active weight antibody used to produce Antibody Conjugate for any additional batches (it being understood that each batch will use a minimum of 17.8 grams of active weight antibody and that Bayer will only pay for that active weight antibody used to produce commercially usable Antibody Conjugate). Notwithstanding any provision herein to the contrary, the Parties acknowledge and agree that Biogen Idec shall have no further responsibility with respect to such Antibody Conjugate upon completion of the validation campaign.

(c) Biogen Idec shall use commercially reasonable efforts to engage a single contract manufacturing organization for the analytical services and the fill/finish activities, and Biogen Idec shall use commercially reasonable efforts to engage the same contract manufacturing organization for the conjugation activities. The identity of each contract manufacturing organization shall be subject to Bayer's prior consent, such consent not to be unreasonably withheld, conditioned or delayed.

(d) Biogen Idec shall cause any subcontract with any such contract manufacturing organization(s) to allow for its assignment to Bayer following the expiration or earlier termination of the Supply Agreement. The duration of any such subcontract shall commence prior to expiration or earlier termination of the Supply Agreement and shall be for a term that is typical for the type of agreement in question but, in any event, no less than [***] years. In negotiating any such subcontract, Biogen Idec shall negotiate in good faith to obtain commercially reasonable terms and conditions taking into account that such subcontract will be assigned to Bayer. Biogen Idec shall assign to Bayer, and Bayer shall assume from Biogen Idec, each such subcontract as soon as reasonably possible after the expiration or earlier termination of the Supply Agreement (it being understood that Bayer shall enter into an assignment and assumption agreement for each such subcontract in form and substance reasonably acceptable to both Biogen Idec and Bayer).

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

Bayer acknowledges and agrees that Biogen Idec's obligations under this Section 7 are dependent upon Bayer's timely performance of its obligations under this Section 7. Biogen Idec recognizes and accepts that the obligations of this Section 7 shall survive expiration or earlier termination of the Supply Agreement to the extent such obligations are consistent with the manufacturing transfer activities contemplated by Section 8 below.

8. On expiration or earlier termination of the Supply Agreement, Biogen Idec and Bayer shall exercise fair dealing and negotiate in good faith to agree upon a project plan (the "**Project Plan**") describing the activities required to effect an orderly transition of the manufacture of 2B8 (i.e., the antibody) and related conjugation activities for the Licensed Territory from Biogen Idec to Bayer or its designee, and the Parties shall subsequently implement the Project Plan. Without prejudice to the generality of the foregoing, the Project Plan shall include or address the following:

(a) the cost and expense of Biogen Idec's personnel and resources used in connection with the implementation of the Project Plan will be borne by Biogen Idec;

(b) Biogen Idec delivering or providing access to Bayer or its designee of documentation reasonably necessary to effect such transition in an orderly manner consistent with regulatory requirements, including documentation summarizing any BIOGEN IDEC Know-How;

(c) if Bayer requests, Bayer or its designee obtaining the same rights as Biogen Idec Inc.'s rights under that certain Amended and Restated Non-Exclusive License Agreement, dated as of December 20, 2007, by and between Genentech, Inc. and Biogen Idec Inc. (which is commonly referred to by Biogen Idec as its "Cabilly license") in connection with the manufacture of the Licensed Product for the Licensed Territory through a direct license from Genentech, Inc. to Bayer or its designee or, if a direct license cannot be achieved after the use of commercially reasonable efforts, a sublicense from Biogen Idec Inc. to Bayer or its designee (it being understood that Bayer or its designee shall enter into a sublicense agreement for such sublicense in form and substance reasonably acceptable to both Biogen Idec and Bayer); and

(d) limitations on the type, number, frequency and length of meetings, document requests and the like, as well as procedures and timelines with the aim of efficiently using Biogen Idec's personnel and resources and otherwise minimizing cost and expense in connection therewith.

In furtherance of the foregoing, Biogen Idec's obligations under the Project Plan shall be limited to (i) providing appropriate answers to specific, reasonable questions only during normal business hours and (ii) no more than a total of [***] person-days of time, in the aggregate for all participation, by all Biogen Idec personnel. Bayer acknowledges and agrees that Biogen Idec's obligations under this Section 8 are limited in accordance with the Project Plan and are dependent upon (x) the reasonable competence of Bayer or its designee with respect to the activities at issue (including, without limitation, obtaining the required approvals in a timely manner for the conduct of manufacturing activities at a facility selected and prepared by Bayer or its designee and possession by Bayer or its designee of the requisite skills, equipment, ingredients and resources for the manufacture of product similar to the Licensed Product) and (y) Bayer's timely performance of its obligations under Section 7 above, this Section 8 and the Project Plan. Notwithstanding any provision herein to the contrary, the Parties acknowledge and agree that Biogen Idec shall be obligated to participate in the manufacturing transfer activities contemplated by this Section 8 only once and that, subject as stated below, Biogen Idec shall have no further responsibility with respect to such activities thereafter. In the event that such transition is not successfully achieved through no fault of Biogen Idec or Bayer, Biogen Idec agrees to provide reasonable additional assistance if requested by Bayer, provided that Bayer shall pay for any costs and expenses associated with such additional assistance. Such costs and expenses shall be reasonable and shall be directly referable to the activities to be performed. Biogen Idec recognizes and accepts that the obligations of this Section 8 shall survive expiration or earlier termination of the Supply Agreement.

Except for the Cabilly license referred to above, Biogen Idec represents and warrants that, as of the date of this Amendment and to its knowledge, no other license from a Third Party is required for the manufacture of the Licensed Product for all indications in the Field.

9. Except as expressly amended by this Amendment, the Supply Agreement remains in full force and effect.

10. This Amendment shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. This Amendment may be executed in separate counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Signatures on counterparts of this Amendment transmitted by facsimile or e-mail shall be deemed effective for all purposes.

[SIGNATURE PAGE FOLLOWS]

[***]:CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

IN WITNESS WHEREOF, the Parties have executed and delivered this Amendment by their duly authorized officers and representatives as of the date hereof.

BIOGEN IDEC US CORPORATION

By: /s/ George A. Scangos
Name: George A. Scangos
Title: CEO

BAYER PHARMA AG

By: /s/ F. Gardyan-Eisenlohr
Name: F. Gardyan-Eisenlohr
Title: General Counsel

By: /s/ Andreas Fibig
Name: Andreas Fibig
Title: Title Illegible

Exhibit 10.16

LICENSE AGREEMENT

THIS AGREEMENT, effective this 23rd day of May, 2006, between Merck Eprova AG, a Swiss corporation organized and existing under the laws of Switzerland and with its principal place of business at Im Laternenacker 5, 8200 Schaffhausen, Switzerland ("**EPRO**"), and Spectrum Pharmaceuticals, Inc., a Delaware corporation with its principal place of business at 157 Technology Drive, Irvine, California 92688, United States ("**Spectrum**"). EPRO and Spectrum may hereinafter each be referred to as a Party or collectively as the Parties.

W I T N E S S E T H, That:

WHEREAS, EPRO has certain technical information and patent rights relating to the Licensed Technology (as hereinafter defined);

WHEREAS, Targent, Inc., a Delaware corporation ("Targent") and EPRO had entered into a License Agreement regarding the Licensed Technology.

WHEREAS, Spectrum has acquired from Targent all rights and assets regarding the Licensed Technology and EPRO gives its consent to a transfer of such rights and assets from Targent to Spectrum.

WHEREAS, Spectrum desires to obtain such license under the Licensed Technology to undertake development of the Licensed Product for commercialization in the Territory in the Field of Use (all foregoing capitalized terms as hereinafter defined) after receipt of approval from the Food and Drug Administration for the Licensed Product, and to have EPRO manufacture the active pharmaceutical ingredient ("API") of Licensed Product for Spectrum the same pursuant to the terms of a Manufacturing and Supply Agreement executed by EPRO and Spectrum as soon as practicable the terms of which shall be negotiated in good faith (the "Manufacturing and Supply Agreement").

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, and other good and valuable consideration, the receipt of which are acknowledged by the Parties, the Parties agree as follows:

ARTICLE I - DEFINITIONS

As used in this Agreement the following terms, whether singular or plural, shall have the following meanings:

A. "Affiliate" shall mean any entity that owns or controls or is owned or controlled by a Party through ownership of more than fifty percent (50%) of the stock entitled to vote for election of directors of that Party or the maximum percentage of stock interest that a foreign investor may own, whether fifty percent or less, pursuant to the local laws, regulations or administrative orders of any country, provided the party exercises a substantial control of general policy of the company.

B. “Confidential Information” shall mean information ancillary to the Licensed Technology, as further defined in Article III.

C. “Documents” shall mean the regulatory filings made in the Territory related to the Licensed Technology, including, but not limited to, IND #32,487, NDA #’s 20-140 and 20-141 and the related orphan drug designations.

D. “Effective Date” shall mean the date indicated first above as the effective date of this Agreement.

E. “FDA” shall mean the United States Food and Drug Administration, or any successor agency thereto.

F. “Field of Use” shall mean all uses in the field of oncology.

G. “GAAP” shall mean generally accepted accounting principles in the United States or International Accounting Standards outside the United States, in each case as consistently applied by Spectrum, its Affiliates or its Sublicensees in their respective financial statements, audited if applicable.

H. “Improvements” shall mean one or more enhancements, improvements or modifications in the manufacture, formulation, ingredients, preparation, dosage, administration or packaging of a License Product or the Licensed Technology made during the term of this Agreement.

I. “IND” shall mean (i) an Investigational New Drug application as defined in the United States Food, Drug & Cosmetic Act and applicable regulations promulgated thereunder, as amended from time to time or (ii) an equivalent application or filing with the applicable regulatory authority in any country other than the United States allowing the commencement of human clinical trials.

J. “License” shall mean the license granted pursuant to Article II of this Agreement.

K. “Licensed Know-How” shall mean any technical or manufacturing information and data, methods, processes, drawings, inventions, formulas, data on safety and efficacy, patent applications, trade secrets materials, models, designs, prototypes or samples, relating to all forms (including but not limited to both the injectable and oral forms) of Levofolinic Acid as either the free acid or in any salt form, including any information, data, or other materials necessary or useful for the submission to the appropriate U.S. regulatory authorities by Spectrum to obtain the registration or approval of the Licensed Product.

L. “Licensed Patents” shall mean those patents and patent applications in existence as of the Effective Date and listed in Exhibit A, and any divisions, re-issues, continuations and continuations-in-part or their equivalents, and the foreign equivalents thereof.

M. “Licensed Product” shall mean any product in any form (including but not limited to both the injectable and oral forms) made, have made, used, sold, or otherwise disposed of:

i) which is covered by the Licensed Technology;

ii) the manufacture of which requires use of the Licensed Technology; or

iii) which would, but for the License granted herein, otherwise directly infringe, contributorily infringe or induce the infringement of any of the Licensed Patents.

N. “Licensed Technology” shall mean the Licensed Patents and the Licensed Know-How of EPRO.

O. “Net Sales” shall mean with respect to any period for any country in the Territory, the gross receipts, by Spectrum (for purposes of this Article I (O), the term “Spectrum” shall include Third Parties used by Spectrum to market the Licensed Product) its Affiliates or its Sublicensees, as applicable, from unrelated third parties for sales of Licensed Product, less the following deductions if actually allowed and allocable to Licensed Product: (i) discounts, credits, rebates, allowances, adjustments, rejections, recalls, and returns for which the customer has been credited; (ii) trade, quantity, or cash discounts or rebates customary to the industry and actually allowed, given or accrued (including, but not limited to, cash, governmental and managed care rebates, hospital or other buying group charge backs, and governmental taxes in the nature of a rebate based on usage levels or sales of the Licensed Product); (iii) sales, excise, turnover, inventory, value-added, and similar taxes assessed on the sale of the Licensed Product; (iv) an allowance for actual transportation, distribution, importation, insurance and other handling fees; (v) sales, transfers or dispositions of Licensed Product for charitable, promotional (including samples), pre-clinical, clinical or regulatory purposes will be excluded from Net Sales, as will sales or transfers of Licensed Product among Spectrum and it’s Affiliates, and Sublicensees. For the avoidance of doubt, for each Licensed Product the Net Sales shall be calculated only once for the first sale of such Licensed Product by Spectrum, its Affiliate or its Sublicensees, as the case may be, to a Third Party which is neither an Affiliate or Sublicensee of Spectrum. A sale of Licensed Products by Spectrum, its Affiliate or its Sublicensees to a wholesaler, distributor or any other Third Party shall be regarded as the first sale of the Licensed Product for the purpose of calculating Net Sales. Net Sales shall not include the amount received on account of sales of a Licensed Product or of sales of a Licensed Product in a particular country for which the term of this Agreement has expired.

P. “NDA” shall mean a New Drug Application, as defined in the United States Food, Drug & Cosmetic Act and applicable regulations promulgated thereunder, as amended from time to time, to obtain approval from the FDA for commercial sale of a Licensed Product.

Q. “Regulatory Exclusivity Period” shall mean any period of data, market or other regulatory exclusivity, including any such periods listed in the FDA’s Orange Book.

R. “Sublicensee” shall mean any Third Party granted a sublicense by Spectrum of no greater scope than granted by EPRO to Spectrum, whose identity shall be disclosed confidentially by Spectrum to EPRO prior to the execution of such Sublicense. EPRO shall have the right to approve or disapprove such Sublicensee within ten (10) days after notified by Spectrum. EPRO’s approval may not be withheld unreasonably.

S. “Territory” shall mean North America (namely, the United States and its territories and protectorates, Canada and Mexico).

T. “Third Party” shall mean any person or entity other than a Party or an Affiliate or Sublicensee.

U. “University Agreement” shall mean that certain license agreement, attached hereto as Exhibit B, by and between Targent and the University of Strathclyde (the “University”), dated March 15, 2006, and subsequently assigned to Spectrum in conjunction with Spectrum’s acquisition from Targent of all of the rights and assets regarding the Licensed Technology.

V. “Valid Claim” shall mean a claim in any unexpired, issued patent (and as applicable, patents and patent applications covering Improvements) within the Licensed Patents which has not been held invalid and/or unenforceable in a decision by a court or other body of competent jurisdiction from which there is no appeal or, if appealable, from which no appeal has been taken.

ARTICLE II - GRANT OF LICENSE

A. Grant of License.

As of the Effective Date of this Agreement, EPRO hereby grants to Spectrum during the term of this Agreement and subject to the terms hereof,

(1) an exclusive license (even as to EPRO) to use the Documents and a non-exclusive license under the Licensed Technology to develop, make, have made, use, sell and have sold a Licensed Product in the Field of Use in the Territory;

(2) the right to grant to Sublicensees, a sublicense under the Documents and the Licensed Technology licensed by subparagraph (1) of this Article II (A) of no greater scope than the license granted hereunder to Spectrum, provided that party shall have agreed with Spectrum to be bound by the terms of this Agreement insofar as they relate to the operations of that party.

(3) EPRO agrees not to grant any further licenses under the Documents and the Licensed Technology to Third Parties in the Field of Use in the Territory.

B. Improvements that are made by an employee, agent or consultant of Spectrum, solely or jointly with a Third Party, shall be owned by Spectrum. Improvements that are made by an employee, agent or consultant of EPRO, solely or jointly with a Third Party, shall be owned by EPRO. Improvements that are made jointly by employees, agents or consultants of Spectrum and EPRO and its employees, agents or consultants ("Joint Inventions") shall be jointly owned by Spectrum and EPRO and treated as joint inventions under U.S. laws applicable to joint inventions. EPRO shall, and hereby does, grant Spectrum the exclusive and unrestricted right in the Field of Use in the Territory to make, have made, use, sell, have sold, import, export and license EPRO's interest in all Joint Inventions. EPRO hereby grants to Spectrum the exclusive and unrestricted right in the Field of Use to make, have made, use, sell, have sold, import, export and license all Improvements made solely by EPRO, its employees or consultants in accordance with the provisions of the present Agreement. Spectrum hereby grants to EPRO the exclusive and unrestricted right in the Field of Use outside the Territory and/or outside the Field of Use in or outside the Territory to make, have made, use, sell, have sold, import, export and license Spectrum's improvements and interest in all Joint Inventions, subject to the provisions of Article II (D) of this Agreement under commercially reasonable conditions to be negotiated in good faith between the parties which conditions shall be similar to those contained in this Agreement. In addition, the Parties agree to negotiate in good faith the terms of a license agreement governing EPRO's use of such Improvements and Joint Inventions. EPRO shall, and hereby does, after Spectrum's royalty obligations under Article V (A)(2) have expired or been terminated by Spectrum due to a breach of this Agreement by EPRO or due to the insolvency of EPRO pursuant to Article IX, grant Spectrum a perpetual, royalty-free license to use all Improvements owned by EPRO and all information, know-how and other data pertaining to all Improvements and the Joint Inventions. Spectrum shall own any trademarks associated with the Licensed Products that it creates.

C. To the extent that EPRO has granted or, during the term of this Agreement until acceptance of Phase IV data by regulatory agencies, grants, a license under the Licensed Technology to make, have made, use and sell the Licensed Product in the Field of Use outside the Territory to any Third Party, EPRO shall require such Third Party licensee(s) to promptly forward any and all safety data obtained by any such Third Party pursuant to such license to Spectrum for it to use in its Phase IV clinical trials. Spectrum will treat such data as confidential in accordance with Article III (B) herein and, upon written request by EPRO, will return such data to EPRO upon acceptance of Phase IV data by regulatory agencies.

D. EPRO shall have the right to license the Licensed Technology to a Third Party or Third Parties for use outside the Field of Use in the Territory or develop the Licensed Technology itself to market a Product for use outside the Field of Use in the Territory; provided, however, that EPRO shall first give an opportunity to Spectrum for an exclusive license under the Licensed Technology to manufacture, have manufactured, use and sell Licensed Product outside the Field of Use in the Territory using Levofolinic Acid as either the free acid or in any salt form through a right of final negotiation to be completed not later than three (3) months after the date of receipt by Spectrum of written notice from EPRO of such an opportunity. Both Parties agree to negotiate in good faith to reach such an agreement.

E. Manufacturing Information.

EPRO shall disclose all information it owns, or has the right to disclose to Spectrum to enable Spectrum to manufacture and use Licensed Products. This information shall include complete details of the manufacturing process to produce Licensed Product in finished form.

F. Non-Assert Provision.

EPRO will not,

(1) assert any of the Licensed Patents to prevent the use or sale of the Licensed Product in the Territory by any Third Party obtaining Licensed Product from Spectrum (for purposes of this Article II (F), the term “Spectrum” shall include Third Parties used by Spectrum to market the Licensed Product), its Affiliate or by a Sublicensee; nor

(2) assert any other patent or patent application now or hereafter controlled (in the sense of having the right to grant licenses or sublicenses) by EPRO to the Licensed Technology to prevent any party obtaining Licensed Product from Spectrum, its Affiliate or a Sublicensee from using or selling any Licensed Product.

G. EPRO shall during the initial Regulatory Exclusivity Period not introduce, market or sell in the Territory any product which would be a substitute for Leucovorin and that directly competes with a Licensed Product. Notwithstanding the foregoing, EPRO shall be able to manufacture and/or supply a product that competes with a Licensed Product to a Third Party. For the avoidance of doubt, it is acknowledged, that this paragraph shall not bind any other company of the Merck Group, to which EPRO belongs.

H. EPRO shall not take any action against the University in connection with the patents listed in Schedule A of the University Agreement the result of which causes Spectrum to lose its exclusive license to such patents.

ARTICLE III - TECHNICAL INFORMATION AND CONFIDENTIALITY

A. Information to be Transmitted.

EPRO shall, upon the Effective Date of this Agreement, deliver to Spectrum any Licensed Know-How necessary for Spectrum to fulfill its obligations pursuant to Article VI(A).

B. Confidentiality.

The terms of that certain Mutual Confidentiality Agreement by and between the Parties, dated November 1, 2005, (to the extent such Mutual Confidentiality Agreement is not inconsistent with this Agreement) shall be in addition to the provisions of this subsection. The Parties contemplate that during the course of their relationship it may be necessary to provide the other with Confidential Information to facilitate the performance of their obligations pursuant to this Agreement. Confidential Information received from the disclosing Party which is in writing and identified as confidential or, if disclosed orally, is summarized in writing and designated confidential, shall be maintained in confidence and that reasonable and prudent practices shall be followed to maintain the information in confidence including, where necessary, obtaining written confidentiality agreements from employees not already bound by such agreements who have access to the Confidential Information. Confidential Information shall be used by a Party only for the purpose of and in connection with its performance under this Agreement. The obligation to maintain information in confidence shall survive this Agreement or termination thereof for any reason for a period of seven (7) years thereafter. However, the obligations of nondisclosure and limited use shall not apply to information which can be shown by written documentation:

i. to have been publicly known prior to disclosure by the disclosing Party to the receiving Party; or

ii. to have been known or available to the receiving Party prior to disclosure by the disclosing Party as shown by its prior written records; or

iii. to have become publicly known, without fault on part of the receiving Party, subsequent to disclosure by the disclosing Party; or

iv. to have been received by the receiving Party from a Third Party legally having possession of the information without obligations of confidentiality; or

v. to have been independently developed by or for the receiving Party without reliance on information received from the disclosing Party; or

vi. to be required to be disclosed pursuant to order of any court or governmental agency having jurisdiction thereof after notice to the disclosing Party sufficient to afford it an opportunity to intervene in the proceeding where disclosure is required.

Confidential Information shall not be deemed to be within the foregoing exceptions merely because it is embraced within broader or general disclosures known to the public or the recipient Party, and any combination of features shall not be deemed to be within the foregoing exceptions merely because individual features are known to the public or to the recipient unless the whole combination of features and its principle of operation are known.

ARTICLE IV - REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION

A. Mutual Representations. Each of the Parties represents and warrants that:

(a) It is a corporation or entity duly organized and validly existing under the laws of the state or other jurisdiction of its incorporation or formation.

(b) The execution, delivery and performance of this Agreement by such Party have been duly authorized by all requisite corporate action.

(c) It has the power and authority to execute and deliver this Agreement and perform its obligations hereunder and thereunder.

(d) The execution, delivery and performance by such Party of this Agreement does not and will not conflict with or result in breach of the terms and provisions of any other agreement or constitute a default under (i) a loan agreement, guaranty, financing agreement, affecting a product or other agreement or instrument binding or affecting it or its property; (ii) the provisions of its charter or operative documents or bylaws; or (iii) any order, writ, injunction or decree of any court or governmental authority entered against it or by which any of its property is bound.

(e) The execution, delivery and performance of this Agreement by such Party does not require the consent, approval or authorization of, or notice, declaration, filing or registration with, any governmental or regulatory authority in the Territory and the execution, delivery and performance of this Agreement does not violate any law, rule or regulation applicable to such Party. Notwithstanding the foregoing, Spectrum may be required to file notices with the necessary regulatory authorities to notify them of Spectrum's ownership of the regulatory filings described in Article VI (A) (3).

(f) This Agreement has been duly authorized, executed and delivered and constitutes such Party's legal, valid, and binding obligation enforceable against it in accordance with their terms subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to the availability of particular remedies under general equity principles.

(g) It shall comply with all applicable laws and regulations relating to its activities under this Agreement.

(h) It is not debarred and has not and will not use in any capacity the services of any person debarred under subsections 306 (a) and (b), of the Generic Drug Enforcement Act of 1992. If at any time during the term of this Agreement this warranty is no longer accurate, the affected Party shall immediately notify the other and the Parties shall negotiate to resolve issues that may affect Spectrum's ability to manufacture, have manufactured, use or sell Licensed Products.

B. EPRO Representations.

EPRO represents and warrants that, as of the Effective Date: (a) to the best of its knowledge, it is the owner of all right, title and interest in and to the Licensed Technology; (b) it has not received any written notice and, to the best of its knowledge, operating under the Licensed Technology does not infringe the proprietary rights of any Third Party; (c) there are no claims, judgments or settlements against or owed by EPRO, or pending or threatened claims, or litigation, relating to the Licensed Technology; (d) to the best of its knowledge, Exhibit A is a complete and accurate listing of all patents and patent applications subject to grant hereunder; (e) EPRO has not granted any right, license or interest in or to the Licensed Technology, or any portion thereof, inconsistent with the rights granted to Spectrum herein; (f) to the best of its knowledge, no Third Party has any right or authority to prohibit Spectrum from using the Licensed Technology in the Territory in any way; and (g) the exclusive rights of Wyeth to the Licensed Technology have been converted into non-exclusive rights and Wyeth has completely transferred to EPRO all of its rights in the regulatory filings made in the Territory related to the Licensed Technology, including, but not limited to, IND #32,487, NDA #'s 20-140 and 20-141 and the related orphan drug designations.

In the event an injunction is issued against Spectrum because of infringement of Third Party intellectual property rights, the parties will share liability for Spectrum's expenses. If the injunction is not dissolved within three (3) months after issuance, then Spectrum shall be solely responsible for its legal expenses in attempting to dissolve such injunction thereafter.

C. Indemnification.

EPRO shall indemnify and hold Spectrum harmless from and against any liability, loss, cost, expense (including reasonable attorneys' fees), damage, or penalty of any kind, on account of or resulting from (i) any breach by EPRO of its representations and warranties contained in this Article IV, (ii) any breach by EPRO of any covenant contained in this Agreement, and (iii) any claim or action for infringement of any Third Party intellectual property rights as a result of Spectrum's operations under the Licensed Technology in the Territory in accordance with this Agreement claimed or issued before the Effective Date, except for claims by the University related to the patents listed in Schedule A of the University Agreement or claims by Wyeth related to the Licensed Technology, both of which shall be covered by this Article IV (C). EPRO's liability under this paragraph IV(C)(iii) shall be limited to the amount of damages/royalties imposed on Spectrum by judgment or settlement upon the finding of infringement and shall be further limited to the amount of Fees (as hereinafter defined) paid by Spectrum to EPRO. EPRO shall have the right, at any time, to join negotiations with a Third Party whose intellectual property rights are alleged to be infringed or to take over negotiations with that Third Party if the scope of the alleged infringement is outside the scope of Spectrum's operations under this Agreement. Any settlement of such alleged infringement shall be agreed to by both parties, which EPRO's consent shall not be unreasonably withheld.

Spectrum shall indemnify EPRO and hold EPRO harmless from and against any liability, loss, cost, expense (including reasonable attorneys' fees), damage, or penalty of any kind, on account of or resulting from (i) any breach by Spectrum of its representations and warranties contained in this Article IV and (ii) any breach by Spectrum of any covenant contained in this Agreement.

ARTICLE V - PAYMENTS AND REPORTS

A. Fees. In consideration for the license granted hereunder, Spectrum shall pay EPRO the following fees in U.S. Dollars ("Fees"):

(1) Up-Front and Progress Payments (all payments are one-time payments):

(a) Within thirty (30) days after NDA approval by the FDA for an injectable form of a the Licensed Product, a progress payment of one hundred thousand dollars ($100,000);

(b) Within thirty (30) days after NDA approval by the FDA of an oral form of a Licensed Product, a progress payment of two hundred thousand ($200,000).

(2) Royalties:

Spectrum shall pay EPRO, beginning with the first commercial sale of the Licensed Product in a particular country and expiring on the later of (a) the expiration of the last of the patents licensed hereunder issued in that country that includes a Valid Claim that would, in the absence of the license granted hereunder, be infringed by the sale of a Licensed Product, or (b) the expiration of all Regulatory Exclusivity Periods with respect to the Licensed Product in such country, royalties based on quantities of the Licensed Product sold by Spectrum, its Affiliates; and/or its Sublicensees in accordance with the following formula:

(a) Four and one-half percent (4 1/2%) of Net Sales of the Licensed Product for sales annually of up to and including twenty-five million dollars ($25,000,000);

(b) Five percent (5 %) of Net Sales of the Licensed Product for sales annually between twenty-five million dollars ($25,000,000) and up to and including fifty million dollars ($50,000,000);

(c) Six percent (6%) of Net Sales of the Licensed Product for sales annually between fifty million dollars ($50,000,000) and up to and including one hundred million dollars ($100,000,000);

(d) Seven percent (7%) of Net Sales of the Licensed Product for sales annually of over one hundred million dollars ($100,000,000);

After Spectrum is no longer required to pay any royalty described under subparagraphs (a) through (d) above in a particular country in the Territory, then Spectrum shall pay EPRO a royalty of two (2%) percent of Net Sales of the Licensed Product in such country until a generic version of such Licensed Product is sold within such country.

(3) EPRO shall be responsible for any fees owed by Spectrum to the University pursuant to Articles III (A) (1) & (2) of the University Agreement. Therefore, Spectrum shall be able to deduct from any payments owed to EPRO under Articles V (A) (1) & (2) of this Agreement, any amounts owed to the University pursuant to Articles III (A) (1) & (2) of the University Agreement. Information regarding such deductions shall be included in the reports provided in Article (V) (B) below. In addition, in the situation where Spectrum owes an amount to the University pursuant to Articles III (A) (1) & (2) of the University Agreement, but Spectrum is unable to deduct it from a payment owed to EPRO, Spectrum shall provide EPRO with a report of such amount paid to the University and EPRO shall pay Spectrum such amount within thirty (30) days. EPRO shall not be responsible for any fees owed by Spectrum to the University pursuant to Article III (A) (3) of the University Agreement.

B. Reports and Remittances. Until such time as Spectrum, its Affiliates, its Sublicensees have sold all quantities of the Licensed Product subject to fee hereunder, Spectrum shall report in writing to EPRO within sixty (60) days after the end of each calendar quarter the quantities of each Licensed Product subject to fee hereunder that were sold by Spectrum, its Affiliates, its Sublicensees during said quarter and the calculation of the fees thereon. With said report Spectrum shall pay to EPRO the total amount of the said fees. If no Licensed Product subject to fee hereunder has been sold by Spectrum, its Affiliates, any Sublicensees during any such period, Spectrum shall so report in writing to EPRO within sixty (60) days after the end of such period. Reports, notices and other communications to EPRO hereunder shall be sent to:

Merck Eprova AG
Im Laternenacker 5
8200 Schaffhausen
Switzerland
Attention: Martin Ulmann
General Manager
Fax: ++41(0)52 630 72 55

Each payment to EPRO hereunder shall be sent to EPRO under separate cover along with a copy of the relevant report to:

Merck Eprova AG
Im Laternenacker 5
8200 Schaffhausen
Switzerland
Attention: Martin Ulmann
General Manager

Notices to Spectrum shall be sent to the address set forth above unless a different address is designated in writing by Spectrum.

C. Taxes. If laws, rules or regulations require withholding of income taxes or other rates imposed upon payments set forth in this Article V, Spectrum may make such withholding payments as required and subtract such withholding payments from the payments set forth in this Article V. Spectrum shall submit appropriate proof of payment of the withholding rates to EPRO within a reasonable period of time. Spectrum shall use efforts consistent with its usual business practices to ensure that any withholding taxes imposed are reduced as far as possible under the provisions of the current or any future double taxation treaties or agreements between foreign countries, and the Parties shall cooperate with each other with respect thereto, with the appropriate Party under the circumstances providing the documentation required under such treaty or agreement to claim benefits thereunder.

D. Records. Spectrum shall keep full, complete and proper records and accounts of all sales of Licensed Products by Spectrum, its Affiliates, and to the extent it acquires rights to do so, its Sublicensees, in accordance with GAAP, in sufficient detail and in the currencies in which the sale was made to enable the royalties payable on each Licensed Product to be determined. All such records, statements, reports and accounts referred to in this Article shall be retained for a period of three (3) years after the end of the period to which they apply.

E. Audit. If EPRO disagrees with a report provided by Spectrum, pursuant to Article V (B), EPRO, at its own expense, shall have the right, upon reasonable prior notice during regular business hours, to meet with Spectrum's independent auditor to inspect and discuss the books and accounts of Spectrum or its Affiliates, related to the payment and calculation of royalties arising under this Agreement. After this inspection, if EPRO still disagrees with the report provided by Spectrum, with reasonable justification for such disagreement, EPRO, at its own expense, shall have the right, upon reasonable prior notice during regular business hours, to appoint independent auditors reasonably acceptable to Spectrum and have them during normal business hours, inspect the books and accounts of Spectrum or its Affiliates, related to the payment and calculation of royalties arising under this Agreement. Spectrum shall cooperate and cause Spectrum's Affiliates, to cooperate with such auditors. The auditors performing the audit shall disclose to EPRO only information relating to the accuracy of records kept and the payments made, and shall be under a duty to keep confidential any other information obtained from such records. If any such audit establishes that Spectrum has underpaid or overpaid the amount due, Spectrum shall promptly pay any remaining amounts due as established by such audit or EPRO shall promptly refund any over payment. If the underpayment is by seven percent (7%) or more during any calendar year, Spectrum shall reimburse EPRO for the reasonable expenses of such audit.

ARTICLE VI - SPECTRUM DELIVERABLES

A. Government Approvals.

(1) In consideration for the licenses granted hereunder, Spectrum, at its cost and expense, shall use commercially reasonable efforts to complete, file and actively pursue an NDA for one or more Licensed Products in the Territory. Spectrum shall use its commercially reasonable efforts to file a reasonable response to the most recent deficiency letter from the FDA for the NDA for the use of a Licensed Product for injection for methotrexate rescue within eighteen months (18) after signing of this Agreement.

(2) The Parties shall form a committee with two (2) representatives each from both Parties in order to provide a forum whereby Spectrum can regularly update EPRO on the progress in developing the Licensed Product(s).

(3) Any and all registrations and/or regulatory filings with the FDA or other appropriate regulatory agency in the Territory for the Licensed Products in the Field of Use will be filed in the name of Spectrum as the sponsor of the NDA or other appropriate registration in the Territory and shall be owned by Spectrum. In addition, any registrations and/or regulatory filings that have been previously filed shall be transferred and placed in the name of Spectrum and shall be owned by Spectrum.

(4) It is the parties' expectation that EPRO shall be permitted to make reference to and utilize the technical, manufacturing, safety and efficacy clinical data included in Spectrum's application for the development and use of, and regulatory approval for, the manufacture, use and sale of Licensed Product except where such use of data would derogate from Spectrum's exclusive rights in the Field of Use in the Territory. EPRO shall also be permitted such use of data outside the Field of Use in the Territory under the conditions described in the preceding sentence with the *proviso* that EPRO obtains Spectrum's prior written consent and subject to Article II (D) of this Agreement.

B. Product Marketing. Spectrum will, at its expense and upon approval of the NDA for the Licensed Product, begin marketing efforts in the Territory to promote and sell the Licensed Product, and will provide EPRO marketing plans to that end on an annual basis.

C. Spectrum Efforts. Spectrum, its Affiliates, and/or its Sublicensees shall perform their obligations under the Agreement by expending their commercially reasonable efforts by exercising the same level of effort to promote, advertise and market Licensed Product as they expend for their other respective products with similar sales potential.

D. Non-Competition. Spectrum, and its Sublicensees will not, for a period of three (3) years from the first commercial sale of the Licensed Product, as long as the Agreement is in effect, introduce, market or sell in the Territory and in the same Field of Use any new product which is an isomeric form of leucovorin.

ARTICLE VII - INTELLECTUAL PROPERTY

A. Trademarks. EPRO shall have the right, in its sole discretion and at its own expense, to select and register such trademarks as it wishes to employ in connection with the sale of the Licensed Product outside the Field of Use throughout the Territory and EPRO shall have legal and equitable ownership of the entire right, title and interest in and to the trademarks and registrations EPRO elects to use. In the event that any trademarks applications are filed or registrations issued, EPRO hereby grants to Spectrum, for the term of this Agreement, a non-exclusive license to use such trademarks in connection with the promotion and sale of the Licensed Product in the Field of Use.

B. Prosecution of Patents. EPRO shall be solely responsible for preparing, prosecuting and maintaining the Licensed Patents, including payment of all necessary filing and maintenance fees.

(a) Each Party shall cooperate with the other Party to execute all required papers and instruments and to make all required oaths and declarations as may be necessary in the preparation and prosecution of all such patents and other applications and protections referred to in this Article.

(b) In the event that EPRO wishes to abandon any patent within the Licensed Patents, EPRO will offer to assign to Spectrum, free of charge, any such patent prior to effectuating the abandonment. Spectrum shall bear the costs connected with any assignment, and recordation thereof, hereunder.

ARTICLE VIII - ABATEMENT OF INFRINGEMENT

A. If at any time any Third Party shall infringe to a commercially substantial extent any patent licensed hereunder then Spectrum shall promptly inform EPRO of such infringement and EPRO shall, subject to Paragraph (C) of this Article, either (a) obtain a discontinuance of said infringing operations or (b) bring suit at its own expense against such infringer, bringing said suit in the name of EPRO and, if so required by the law of the forum, bringing suit in the name of Spectrum or joining Spectrum as a party plaintiff with EPRO. In such an event and until EPRO effectuates discontinuance of infringement, Spectrum's applicable royalty rates shall be reduced to one third (1/3) of the rates indicated in Article V. Upon discontinuance of such infringement, Spectrum shall resume paying royalties at the rates indicated in Article V(A)(2). EPRO shall be entitled to receive and retain all recoveries from such infringement.

B. Spectrum shall have the right, in any suit brought by EPRO pursuant to paragraph (A) of this Article, to be represented at its own expense by counsel of its own selection to the extent of having access to full information and opportunity to be heard in the councils of EPRO.

C. In the event that EPRO neither brings suit against a Third Party as provided in paragraph (A) of this Article nor obtains a discontinuance of such infringing operations within six (6) months of the date of receipt of such notice, then Spectrum may at its election bring suit in its own name against such infringer. Should Spectrum bring suit in its own name, EPRO shall execute such legal papers necessary for the prosecution of such suit as may be requested by Spectrum, and Spectrum shall be liable for all costs and expenses of such litigation and shall be entitled to receive and retain all recoveries therefrom. During the pendency of such suit by Spectrum, and in the event of an adverse outcome of such suit, Spectrum's royalty obligations shall be reduced as indicated in paragraph (A) of this Article or eliminated in the latter case.

D. If a Third Party makes or threatens against Spectrum, its Affiliates or its Sublicensees any claim of infringement of a patent right based upon the use of, or arising as a result of the exercise of the rights and licenses granted hereunder to the Licensed Technology (each an "**Alleged Infringement**"), Spectrum shall have the right to respond to and defend any and all such Alleged Infringements at its own cost and expense, and in its sole discretion. EPRO agrees to provide any necessary assistance that Spectrum may reasonably require in any such defense action for which Spectrum shall pay to EPRO a reasonable hourly rate of compensation. EPRO shall have the right, at its own expense, to retain counsel of its choice to represent it in any such defense action. Spectrum shall notify EPRO in writing and provide a copy of (i) any claim of Alleged Infringement filed with a court or governmental authority or (ii) any written notice of an Alleged Infringement from an attorney or law firm. Within a reasonable period of time in advance of any responsive deadline required by law or otherwise set forth in the claim or notice of Alleged Infringement, Spectrum shall notify EPRO in writing as to whether or not Spectrum intends to respond to such Alleged Infringement. In the event that Spectrum does not intend to respond to any such claim or notice or, if Spectrum, in its sole discretion, asks EPRO to respond to any such claim or notice, EPRO shall have the right, in its sole discretion, to respond to and litigate or settle such Alleged Infringement, in which case EPRO shall pay any and all future costs and expenses incurred by Spectrum in such action, and shall indemnify, defend and hold Spectrum, its Affiliates and its Sublicensees harmless from any future costs, expenses or liability respecting all such actions undertaken by EPRO. This Article VIII (D) shall not amend or reduce EPRO's indemnification obligations under Article IV (C).

ARTICLE IX - TERMINATION

A. Termination. Unless terminated early in accordance with the provisions of this Agreement, the term of this Agreement shall endure on a Licensed Product-by-Licensed Product and country-by-country basis until the expiration of the obligation to pay royalties under Article V (A) (2) above applicable to such Licensed Product in such country. This Agreement shall expire in its entirety after the date that Spectrum no longer owes any royalties to EPRO under Article V (A) (2).

B. Early Termination by Spectrum. Spectrum shall have the unilateral right to terminate this Agreement, in its entirety or on a Licensed Product-by-Licensed Product or country-by-country basis, at any time for any reason upon prior written notice to EPRO given at least nine (9) months prior to the desired termination.

C. Early Termination by EPRO. EPRO shall have the unilateral right to terminate this Agreement, in its entirety upon prior written notice to Spectrum if Spectrum has failed to comply with the obligations laid down in Article VI (A) (1), provided that the non-performance is not due to (i) scientific, medical or technical issues arising in the development of the Licensed Product, including, without limitation, manufacturing issues, adverse clinical trial results or patient reactions, or a request by the FDA to conduct additional clinical trials with respect to the Licensed Product, (ii) circumstances beyond Spectrum's control, (iii) an event of Force Majeure (as defined in Article XII), and/or (iv) the fault of EPRO.

D. Termination upon Breach. In the event that any stipulation or provision of this Agreement is materially breached by a Party, the other Party may terminate this Agreement upon ninety (90) days' written notice to the breaching party. However, if such breach is corrected within the ninety (90) day period, and there are no unreimbursed damages resulting from the breach, this Agreement shall continue in force. A material breach by Spectrum of its obligations under Article VI (A) (1) shall be governed by Article IX (C).

E. Insolvency. Should a Party (1) become insolvent or unable to pay its debts as they mature, (2) make an assignment for the benefit of creditors, (3) permit or procure the appointment of a receiver for its assets, or (4) become the subject of any bankruptcy, insolvency or similar proceeding, then the other Party may at any time thereafter on written notice to the insolvent Party, effective forthwith, cancel this Agreement.

F. Effect of Termination.

(1) Upon termination of this Agreement pursuant to Article IX (A), the licenses granted hereunder shall be considered fully-paid and Spectrum and its Sublicensees shall be free to continue to use the Licensed Technology and Documents to make, use and sell the Licensed Products without further financial obligations to EPRO hereunder. Other than rights intended to survive expiration, or royalties or fees that accrued during the term of the Agreement in accordance with Article V (A) (2), neither Party shall have any further rights or obligations upon the expiration of this Agreement.

(2) Upon termination of this Agreement by EPRO pursuant to Articles IX (C), (D) or (E), or by Spectrum pursuant to Article IX (B), occurring prior to the regularly scheduled expiration date of this Agreement, (i) all rights and licenses granted by EPRO to Spectrum including any rights to the Licensed Product shall terminate and revert to EPRO and (ii) Spectrum shall return to EPRO or destroy at EPRO' option all copies of the Licensed Know-How. The foregoing provisions shall also apply to the partial termination of this Agreement by Spectrum in accordance with Article IX (B), provided, however, that in such event: (1) only those rights that solely pertain to the Licensed Product and/or country being terminated would revert back to EPRO; (2) only copies of the Licensed Know-How that solely pertain to the Licensed Product and/or country being terminated would be returned or destroyed by Spectrum. Notwithstanding the foregoing, Spectrum shall retain its right, title and interest under Article II (B) in any Improvements made solely by Spectrum and in any Joint Inventions.

(3) Upon any termination of this Agreement by Spectrum under Articles IX (D) or (E) occurring prior to the regularly scheduled expiration date of this Agreement, the license rights granted by EPRO to Spectrum contained in this Agreement shall continue in full force and effect, however, Spectrum's obligations under this Agreement to pay royalties shall terminate.

G. Obligations of the Parties. The obligations of the Parties under Articles II (F), III (B), IV(C), V (A) (3), IX (F) & (G), and Articles VIII, XI, XIII and XV and any other provisions which are expressly indicated to survive expiration or termination, shall remain in effect upon any termination or expiration of this Agreement as shall Spectrum's obligations under Articles V (A) (2) (a) - (d) for Licensed Products sold prior to such termination or expiration.

ARTICLE X - ASSIGNABILITY

Except for sublicensing rights as set forth in Article II (A) (2), this Agreement shall not be assignable in whole or part to any Third Party without the prior written consent of the other Party (such consent not to be unreasonably withheld), except, to a successor in interest pursuant to a merger, acquisition or sale of all or substantially all of the assignor's assets to which this Agreement relates. Any attempted assignment in violation of this provision shall be null and void.

ARTICLE XI - APPLICABLE LAW

This Agreement is acknowledged to have been made in and shall be construed in accordance with the laws of Switzerland without regard to the principles thereof relating to the conflict of laws; provided that all questions concerning the construction or effect of patent applications and patents shall be decided in accordance with the laws of the country in which the particular patent application or patent concerned has been filed or granted, as the case may be.

ARTICLE XII - FORCE MAJEURE

Neither Party shall be responsible to the other for delay or failure in performance of any of the obligations imposed by this Agreement, provided such delay or failure shall be occasioned by a cause beyond the control of and without the fault or negligence of such Party, including fire, flood, explosion, lightning, windstorm, earthquake, subsidence of soil, failure of machinery or equipment or supply of materials, discontinuity in the supply of power, court order or governmental interference, civil commotion, riot, war, terrorism or terroristic threats, strikes, labor disturbances, transportation difficulties or labor shortage. Notwithstanding the aforesaid, if either Party fails to a substantial extent for at least six (6) months to fulfill any of its obligations under this Agreement, the other Party may terminate the Agreement.

ARTICLE XIII - DISPUTE RESOLUTION

In the event that a dispute arises between the Parties, the following procedures shall be followed:

A. Negotiations. In the event that any dispute may arise, the Parties shall first seek to resolve any disputes by negotiation among senior executives who have authority to settle the controversy, as follows:

(a) Notification. When a Party believes there is a dispute relating to the Agreement, the Party will give the other Party written notice of the dispute.

(b) Meeting Among Senior Executives. The senior executives shall meet at a mutually acceptable time and place within thirty (30) days after the date of the notice to exchange relevant information and to attempt to resolve the dispute.

(c) Confidentiality. All negotiations are confidential, shall be treated as compromise and settlement negotiations, and neither party shall use information obtained during such negotiations in any subsequent dispute resolution proceeding.

B. Mediation. If the dispute has not been resolved within thirty (30) days after the date of the notice of a dispute, or if the Party receiving such notice fails or refuses to meet within such time period, either Party may initiate mediation of the dispute by sending the other Party a written request that the dispute be mediated. The Party receiving such a written request will promptly respond to the requesting Party so that both Parties can jointly select a neutral and impartial mediator and schedule the mediation session. The Parties shall mediate the dispute before a neutral, third-party mediator within thirty (30) days after the date of the written request for mediation.

C. Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach thereof, and not settled as described in Article XIII (A) or (B), shall be settled by arbitration in accordance with the Licensing Agreement Arbitration Rules of the International Chamber of Commerce, utilizing the laws of Switzerland, without giving effect to its conflicts of laws rules, and judgment upon the award rendered by the Arbitrator(s) may be entered in any Court having jurisdiction thereof. The situs of arbitration shall be Schaffhausen, Switzerland if initiated by Spectrum and Irvine, California if initiated by EPRO.

ARTICLE XIV - ADJUDICATION OF LICENSED PATENTS

Should any Licensed Patents be declared invalid or not infringed or limited in scope by a final decision (from which no appeal is or can be taken) of a court or other tribunal of competent jurisdiction in the country in which said patent was granted, then the construction placed upon the patent by said court or other tribunal shall be followed by the Parties from and after the date of entry of the decree of said court or tribunal and fees shall thereafter be payable to EPRO only in accordance with such construction.

ARTICLE XV - MISCELLANEOUS PROVISIONS

A. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law or in equity.

B. Except as required by law or the rules of the principal stock exchange on which the Party's stock is traded, no Party shall originate any public statement, news release or other written public announcement, whether in the public press, stockholders' reports, or otherwise, relating to this Agreement or to any sublicense hereunder, or to the performance hereunder or any such agreements, or use a Party's name for any purpose, including, without limitation, in connection with the advertising or sale of Licensed Products, without the prior written approval of the other Party, such consent not to be unreasonably withheld. The Parties each agree to respond to each such request within five (5) business days of receipt of a request (unless a shorter period of time is necessary to comply with law). Notwithstanding anything to the contrary in this Agreement, each party shall be permitted to publicly disclose (i) the existence of this Agreement, (ii) that EPRO and Spectrum are the parties to this Agreement, and (iii) the Licensed Technology covered by this Agreement. In the case of unintentional public disclosure concerning this Agreement, any Licensed Product or any other subject matter hereof, the disclosing Party shall promptly inform the other Party of such disclosure and the other Party shall be entitled to make a public announcement regarding the subject matter of the disclosure. The other Party shall notify the disclosing Party of their intention to make such an announcement. Following a Party's consent to or approval of the public announcement of any information pursuant to this Article, both Parties shall be entitled to make subsequent public announcements of such information without renewed compliance with this Article, unless the scope and/or duration of such consent or approval is expressly limited.

C. This Agreement embodies the entire understanding of the Parties and shall supersede all previous communications, representations, undertakings or agreements, between them, either verbal or written, relating to the subject matter hereof.

D. This Agreement shall be binding upon and enure to the benefit of the successors, permitted assignees and personal representatives of the Parties.

E. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions or provisions had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement and have entered the Effective Date on the first page hereof.

By /s/ Thomas Suter
Title Chief Financial Officer
Date June 1, 2006

Merck Eprova AG

By /s/ Martin Ulmann
Title General Manager
Date June 1, 2006

Spectrum Pharmaceuticals, Inc.

By /s/ Rajesh C. Shrotriya
Rajesh C. Shrotriya, M.D.
Title Chairman, CEO & President
Date May 19, 2006

EXHIBIT A

Country	Patent No. (Patent Application No.)	Normal Expiry Date (Filing Date)

PROCESS FOR SEPARATION OF FOLINIC ACID (INT. REF. 191)

The invention relates to a process for the preparation of (6S)-folinic acid and its salts, comprising recrystallization of alkaline-earth salts of (6R,S)-folinic acid and, where necessary, liberation of the acid from the alkaline-earth folinates and/or, where necessary, conversion into the alkali salts by at least one recrystallization in the presence of a base. and (6S)-folinic acid.

The invention additionally relates to the calcium-, magnesium-, potassium- and sodium-(6S)-folinates

Country	Application No	Patent No	Date of Grant	Expiration Date
Canada	566726	1 340 290	29/12/98	29/12/2015
USA (PCT)	07/294631	Abandoned		
USA (Continuation)	07/668681	5 134 235	28/07/92	28/07/2009
USA (Cont./Div.)	07/896482	5 347 005	13/09/94	02/06/2012
USA (Cont./Div.)	08/275474			
USA (Cont./Div.)	08/459692	6 160 116	12/12/00	12/12/2017

METHOD FOR THE PREPARATION OF TETRAHYDROFOLATES (INT. REF. 194)

The invention relates to a new process for the preparation of 5,10-methenyl-(6R)-, 5-formyl-(6S)- and/or 5-methyl-(6S)-tetrahydrofolic acid as well as of the salts thereof, characterized in that 5,10-methenyl-(6R,S)-tetrahydrofolic acid, the inner salt thereof and/or one of the salts thereof with strong acids, is subjected to diastereomer separation by fractional crystallization and, if desired, the resulting 5,10-methenyl-(6R)-tetrahydrofolic acid is converted by treatment with a hydrolysing agent into 5-formyl-(6S)-tetrahydrofolic acid or by treatment with a reducing agent into 5-methyl-(6S)-tetrahydrofolic acid, and/or a resulting free acid is converted into one of its salts by treatment with a base.

Country	Application No	Patent No	Date of Grant	Expiration Date
Canada	604256	1 339 675	17/02/98	17/02/2015
USA	373,007	5 006 655	09/04/91	29/06/2009

PROCESS FOR THE SEPARATION OF FOLINIC ACID (INT. REF. 195)

The invention relates to a method for the resolution of (6R,S)-folinates into their diastereomers, which comprises adding a water-soluble alkali metal, ammonium or alkaline earth metal salt of an inorganic or organic acid to an aqueous solution of (6R,S)-folinic acid, removing by filtration the salt which separates out, which consists predominately of the corresponding (6R)-folinate, and isolating the desired (6S)-folinate from the filtrate.

The resulting (6S)-folinates are valuable pharmaceuticals for the treatment of megaloblastic folic acid deficiency anemia, as antidote for enhancing the tolerability of folic acid antagonists, specifically of aminopterin, methotrexate and 5-fluorouracil in cancer therapy (leucovorin rescue) and the treatment of autoimmune diseases such as psoriasis and rheumatoid arthritis as well as for enhancing the tolerability of certain antiparasitics.

Country	Application No	Patent No	Date of Grant	Expiration Date
Canada	2002430-5	2 002 430	04/03/97	07/11/2009
USA	432,819	5 010 194	23/04/91	07/11/2009

EXHIBIT B

LICENSE AGREEMENT

THIS AGREEMENT, effective this 15th day of March, 2006, between the University of Strathclyde, a University incorporated by Royal Charter having its Principal Office at 16 Richmond Street, Glasgow, G1 1XQ, Scotland, United Kingdom ("Strathclyde"), and Targent Incorporated, a Delaware corporation with its principal place of business at 181 Cherry Valley Road, Princeton, New Jersey 08540, United States ("Targent"). Strathclyde and Targent may hereinafter each be referred to as a Party or collectively as the Parties.

W I T N E S S E T H, That:

WHEREAS, Strathclyde has certain patent rights relating to the Licensed Products (as hereinafter defined); and

WHEREAS, Targent desires to obtain a license under the Licensed Patents (as hereinafter defined) to undertake development of the Licensed Products for commercialization in the Territory (as hereinafter defined) after receipt of approval from the Food and Drug Administration ("FDA") for the Licensed Products.

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, and other good and valuable consideration, the Parties agree as follows:

ARTICLE I - DEFINITIONS

As used in this Agreement the following terms, whether singular or plural, shall have the following meanings:

A. “Affiliate” shall mean any entity that owns or controls or is owned or controlled by a Party through ownership of more than fifty percent (50%) of the stock entitled to vote for election of directors of that Party or the maximum percentage of stock interest that a foreign investor may own, whether fifty percent or less, pursuant to the local laws, regulations or administrative orders of any country, provided the Party exercises a substantial control of general policy of the company.

B. “Net Sales” shall mean with respect to any period for any country in the Territory, the gross receipts, by Targent or its Sublicensees, as applicable, from unrelated Third Parties for sales of Licensed Product, less the following deductions if actually allowed and allocable to Licensed Product: (i) discounts, credits, rebates, allowances, adjustments, rejections, recalls, and returns for which the customer has been credited as customary to the industry; (ii) trade, quantity, or cash discounts or rebates customary to the industry and actually allowed, given or accrued (including, but not limited to, cash, governmental and managed care rebates, hospital or other buying group charge backs, and governmental taxes in the nature of a rebate based on usage levels or sales of the Licensed Product); (iii) sales, excise, turnover, inventory, value-added, and similar taxes assessed on the sale of the Licensed Product; (iv) actual transportation, distribution, importation, insurance and other handling fees; (v) transfers or dispositions of Licensed Product for charitable, promotional (including samples), or regulatory purposes, and (vi) sales or transfers of Licensed Product among Targent’s Sublicensees provided that a royalty on that Licensed Product is paid to Strathclyde upon its sale by Targent or its Sublicensee to a Third Party. For the avoidance of doubt, for each Licensed Product the Net Sales shall be calculated only once for the first sale of such Licensed Product by Targent or its Sublicensees, as the case may be. A sale of Licensed Products by Targent or its Sublicensees to a wholesaler, distributor or any other Third Party shall be regarded as the first sale of the Licensed Product for the purpose of calculating Net Sales.

C. “Effective Date” shall mean the date indicated first above as the effective date of this Agreement.

D. “License” shall mean the license granted pursuant to Article II of this Agreement.

E. “Licensed Patents” shall mean those patents and patent applications in existence as of the Effective Date and listed in Schedule A, and any divisions, re-issues, continuations and continuations-in-part or their equivalents, and the foreign equivalents thereof in the Territory.

F. “Licensed Product” shall mean any product made, have made, imported, used, sold, or otherwise disposed of:

i) which falls within the scope of any claim of any of the unexpired Licensed Patents;

ii) the manufacture of which requires use of the Licensed Patents; or

iii) which would, but for the License granted herein, otherwise directly infringe, contributorily infringe or induce the infringement of any of the Licensed Patents.

G. “Territory” shall mean North America (namely, the United States and its territories and protectorates, Canada and Mexico).

H. “NDA” shall mean a New Drug Application, as defined in the United States Food, Drug & Cosmetic Act and applicable regulations promulgated thereunder, as amended from time to time, to obtain approval from the FDA for commercial sale of a Licensed Product.

I. “Third Party” shall mean any person or entity other than a Party or Sublicensee.

J. “Sublicensee” shall mean any person or entity Targent has a sublicense relationship with in respect of the Licensed Patents.

ARTICLE II - GRANT OF LICENSE.

A. Grant of License.

As of the Effective Date of this Agreement, Strathclyde hereby grants to Targent during the term of this Agreement and subject to the terms hereof,

(1) an exclusive license (even as to Strathclyde) under the Licensed Patents to make, have made, import, use and sell the Licensed Products in the Territory;

(2) the right to grant sublicenses to Sublicensees under this Agreement of no greater scope than the License granted thereunder to Targent and provided that the Sublicensee is subject to the licensee obligations under this Agreement.

B. Strathclyde shall have the right to license the Licensed Patents to a Third Party or Third Parties for use outside the Territory. Targent may approach Strathclyde at any time if it wishes a license to the Licensed Patents outside the Territory.

C. Non-Assert Provision.

During the term of this Agreement Strathclyde will not,

(1) assert any of the Licensed Patents to prevent the importation, use or sale of the Licensed Products in the Territory by any Third Party obtaining Licensed Product from Targent or its Sublicensees pursuant to this Agreement; nor

(2) assert any other patent or patent application now or hereafter controlled (in the sense of having the right to grant licenses or sublicenses) by Strathclyde to prevent the importation, use or sale of the Licensed Product in the Territory by any Third Party obtaining Licensed Product from Targent or its Sublicensees pursuant to this Agreement.

ARTICLE III - PAYMENTS AND REPORTS

A. Fees. In consideration for the license granted hereunder, Targent shall pay Strathclyde the following fees in U.S. Dollars ("Fees"):

(1) Progress Payment (a one-time payment):

Within thirty (30) days after NDA approval for the first Licensed Product, a payment of fifty thousand dollars ($50,000).

(2) Royalties:

(i) Targent shall pay Strathclyde, one percent (1%) of Net Sales of Licensed Product sold in the Territory solely for use in methotrexate therapy from the Effective Date to the date of expiration of Targent's marketing exclusivity based on the orphan drug designation of methotrexate use for the Licensed Product.

(ii) Targent shall pay Strathclyde, one percent (1%) of Net Sales of Licensed Product sold in the Territory for uses other than methotrexate therapy where such uses would, in the absence of the licenses granted herein, infringe one or more claims of one or more of the Licensed Patents in force in that part of the Territory. For the avoidance of doubt, no royalties shall be payable after the expiration of the exclusivity based on the orphan drug designation for each other use. For the further avoidance of doubt, in respect of sales of Licensed Product for the treatment of colorectal cancer sold in the USA after the date of expiration of U.S. Patent 6,849,628 no royalties shall be payable.

(3) Targent shall reimburse Strathclyde for the maintenance fees incurred by Strathclyde for the Licensed Patents during the term of this Agreement.

If Targent defaults in payment of any fees payable hereunder for more than forty-five (45) days, then without prejudice to Strathclyde's other rights and remedies the outstanding amount shall bear interest at the rate of 2% per annum over the base lending rate from time to time of the Royal Bank of Scotland plc from the due date until payment is made.

B. Reports and Remittances. Until such time as Targent and any Sublicensee has sold all quantities of the Licensed Product subject to fee hereunder, Targent shall report in writing to Strathclyde within forty-five (45) days after the end of each calendar quarter the quantities of Licensed Product subject to fee hereunder that were sold by Targent and any Sublicensee during said quarter and the calculation of the fees thereon. With said report Targent shall pay to Strathclyde the total amount of the said fees. If no Licensed Product subject to fee hereunder has been sold by Targent or any Sublicensee during any such period, Targent shall so report in writing to Strathclyde within forty-five (45) days after the end of such period. Each payment and report and all other reports, notices and other communications to Strathclyde hereunder shall be sent to:

University of Strathclyde
Research and Consultancy Services
50 George Street, Glasgow, G1 1ZE,
Scotland, United Kingdom
Attention: The Director

Notices to Targent shall be sent to the address set forth above unless a different address is designated in writing by Targent.

C. Taxes. If laws, rules or regulations require withholding of income taxes or other rates imposed upon payments set forth in this Article III, Targent may make such withholding payments as required and subtract such withholding payments from the payments set forth in this Article III. Targent shall submit appropriate proof of payment of the withholding rates to Strathclyde within a reasonable period of time. Targent shall use efforts consistent with its usual business practices to ensure that any withholding taxes imposed are reduced as far as possible under the provisions of the current or any future double taxation treaties or agreements between foreign countries, and the Parties shall cooperate with each other with respect thereto, with the appropriate Party under the circumstances providing the documentation required under such treaty or agreement to claim benefits thereunder.

D. Records. Targent shall keep, and require each Sublicensee to keep, adequate records in accordance with GAAP in sufficient detail and in the currencies in which the sale was made to enable the fees payable by Targent hereunder to be determined. All such records shall be retained for three (3) years after the end of the period to which they pertain.

E. Audit. If Strathclyde disagrees with a report provided by Targent pursuant to Article III (B), Strathclyde, at its own expense, shall have the right, upon reasonable prior notice during regular business hours, to meet with Targent's independent auditors to inspect and discuss the books and accounts of Targent, related to the payment and calculation of royalties arising under this Agreement. After this inspection, if Strathclyde still disagrees with the report provided by Targent, with reasonable justification for such disagreement, Strathclyde, at its own expense, shall have the right, upon reasonable prior notice during regular business hours, to appoint independent auditors reasonably acceptable to Targent and have them inspect the books and accounts of Targent during normal business hours, related to the payment and calculation of royalties arising under this Agreement. The auditors performing the audit shall disclose to Strathclyde only information relating to the accuracy of records kept and the payments made, and shall be under a duty to keep confidential any other information obtained from such records. If any such audit establishes that Targent or any Sublicensee has underpaid or overpaid the amount due, Targent shall promptly pay any remaining amounts due as established by such audit or Strathclyde shall promptly refund any over payment. If the underpayment is by six percent (6%) or more during any calendar year, Targent shall reimburse Strathclyde for the reasonable expenses of such audit.

Targent shall secure the right to audit its Sublicensees and shall report to Strathclyde the results of any such audit related to the payment and calculation of royalties arising under each sublicense.

ARTICLE IV - TARGENT DELIVERABLES

A. Government Approvals. In consideration for the licenses granted hereunder, Targent will, at its cost and expense, seek all governmental approvals required for the making, marketing and sale of Licensed Product in the Territory as soon as practicable. Any and all registrations with the FDA for Licensed Product will be filed in the name of Targent and shall be owned by Targent.

B. Product Marketing. Targent will, at its expense and upon approval of the NDA for the Licensed Product, begin marketing efforts in the Territory to promote and sell the Licensed Product and will require its Sublicensees to take all reasonable steps to promote and sell the Licensed Product.

C. Targent Efforts. Targent shall perform its obligations under the Agreement by expending its commercially reasonable efforts by exercising the same level of effort to promote, advertise and market Licensed Product as it expends for its other respective products with similar sales potential.

ARTICLE V - INTELLECTUAL PROPERTY

Prosecution of Patents. Strathclyde shall be solely responsible for preparing, prosecuting and maintaining the Licensed Patents, including payment of all necessary filing and maintenance fees.

In the event that Strathclyde wishes to abandon any patent within the Licensed Patents, Strathclyde will offer to assign to Targent, free of any charge or royalty, any such patent prior to effectuating the abandonment. Targent shall bear the costs connected with any assignment, and recordation thereof, hereunder.

ARTICLE VI - THIRD PARTY ACTIONS

A. If at any time any Third Party shall infringe to a commercially substantial extent any patent licensed hereunder then Targent shall promptly inform Strathclyde of such infringement and Strathclyde and Targent shall, subject to Paragraph (B) of this Article, either (a) obtain a discontinuance of said infringing operations or (b) bring suit at their own expense against such infringer, bringing said suit in the name of Strathclyde and, if so required by the law of the forum, bringing suit in the name of Targent or joining Targent as a party plaintiff with Strathclyde. Strathclyde and Targent shall be entitled to receive their reasonable costs of litigation, Strathclyde shall retain one percent (1%) of the Net Sales of infringing products according to the formula described in Article III(A)(2) and Targent shall receive the remainder of all recoveries from such infringement.

B. In the event that Strathclyde does not participate in such a suit against a Third Party as provided in paragraph (A) of this Article, then Targent may at its election bring suit in its own name against such infringer. Should Targent bring suit in its own name, Strathclyde shall execute such legal papers necessary for the prosecution of such suit as may be requested by Targent. Targent shall be liable for all reasonable costs and expenses of such litigation and shall be entitled to receive and retain all recoveries therefrom provided it shall pay to Strathclyde royalties at the rate of 1% in respect of such recoveries, according to the formula described in Article III(A)(2) (after Targent's reasonable expenses of such litigation).

C. If a Third Party makes or threatens against Targent or its Sublicensees any claim of infringement of a patent right based upon the use of, or arising as a result of the exercise of the rights and licenses granted hereunder to the Licensed Patents (each an "Alleged Infringement"), Targent shall have the right to respond to and defend any and all such Alleged Infringements at its or their own cost and expense, and in its or their sole discretion. Strathclyde shall provide any necessary assistance that Targent may reasonably require in any such defense action. Strathclyde shall have the right, at its own expense, to retain counsel of its choice to represent it in any such defense action. Targent shall notify Strathclyde in writing and provide a copy of (i) any claim of Alleged Infringement filed with a court or governmental authority or (ii) any written notice of an Alleged Infringement from an attorney or law firm.

In the event an injunction is issued against Targent because of infringement of Third Party intellectual property rights, the Parties will confer to decide their future course of action regarding Licensed Products and sharing liability for Targent's expenses.

ARTICLE VII - TERMINATION

A. Termination. Unless terminated earlier as hereinafter provided, and subject to the provisions of paragraph (B) of this Article, this Agreement shall terminate upon the expiration of the last of the patents licensed hereunder.

B. Early Termination by Targent. Targent may terminate this Agreement at any time by giving Strathclyde at least six (6) months' advance written notice. Upon such early termination, all rights granted to Targent under Article II shall revert to Strathclyde.

C. Termination upon Breach. In the event that any stipulation or provision of this Agreement is materially breached by a Party, the other Party may terminate this Agreement upon forty-five (45) days' written notice to the breaching Party. However, if such breach is corrected within the forty-five (45) day period, and there are no unreimbursed damages resulting from the breach, this Agreement shall continue in force. For purposes of this Agreement, it is not a "material breach" of this Agreement by Targent if the development or commercialization of a Licensed Product is delayed due to the following: (i) scientific, medical or technical reasons; (ii) circumstances beyond the control of Targent; (iii) government reimbursement issues; or (iv) the fault of Strathclyde.

D. Insolvency. Should Targent (1) become insolvent or unable to pay its debts as they mature, or (2) make an assignment for the benefit of creditors, or (3) permit or procure the appointment of a receiver for its assets, or (4) become the subject of any bankruptcy, insolvency or similar proceeding, then Strathclyde may at any time thereafter on written notice to Targent, effective forthwith, cancel this Agreement and any sublicenses granted by Targent pursuant to this Agreement.

E. Effect of Termination. Upon termination of this Agreement pursuant to Article VII(A), the licenses granted hereunder shall be considered fully-paid and Targent and its Sublicensees shall be free to continue to make, import, use and sell the Licensed Product without further financial obligation to Strathclyde hereunder. Other than rights intended to survive expiration, or royalties or fees that accrued during the term of the Agreement in accordance with Article III(A), neither Party shall have any further rights or obligations upon the expiration of this Agreement. Upon termination of this Agreement by Strathclyde pursuant to Articles VII(C) or (D), or by Targent pursuant to Article VII(B), occurring prior to the regularly scheduled expiration date of this Agreement, all rights and licenses granted by Strathclyde to Targent shall terminate and revert to Strathclyde. Upon any termination of this Agreement by Targent under Article VII(C) because of Strathclyde's breach occurring prior to the regularly scheduled expiration date of this Agreement, the license rights granted by Strathclyde to Targent contained in this Agreement shall continue in full force and effect, however, Targent's obligations under this Agreement to pay royalties shall terminate. Obligations of the Parties under Articles VII(E) and X(C) and Articles I, IX, XII, XIV and XV and any other provisions which are expressly indicated to survive expiration or termination, shall remain in effect upon any termination or expiration of this Agreement as shall Targent's obligations under Articles III(A)(2) for Licensed Products sold prior to such termination or expiration.

For the avoidance of doubt, no additional royalties or fees of any kinds shall be payable to Strathclyde after the date of expiration of Targent's marketing exclusivity based on the orphan drug designation of methotrexate rescue for the Licensed Product, except those accrued during the term of the Agreement in accordance with Article III(A)(2).

ARTICLE VIII - ASSIGNABILITY

This Agreement shall not be assignable in whole or in part to any Third Party without the prior written consent of the other Party (such consent not to be unreasonably be withheld), except to a successor in interest pursuant to a merger, acquisition or sale of all or substantially all of the assignor's assets to which this Agreement relates. Any attempted assignment in violation of this provision shall be null and void.

ARTICLE IX - APPLICABLE LAW

This Agreement shall in all respects be construed and interpreted in accordance with, and governed by, the Law of England, and the parties subject to the jurisdiction of the English Courts provided that all questions concerning the construction or effect of patent applications and patents shall be decided in accordance with the laws of the country in which the particular patent application or patent concerned has been filed or granted, as the case may be.

ARTICLE X - REPRESENTATIONS, WARRANTIES, AND INDEMNIFICATION

A. Mutual Representations. Each of the Parties represents and warrants that:

(a) It is a corporation or entity duly organized and validly existing under the laws of the country, state or other jurisdiction of its incorporation or formation.

(b) The execution, delivery, and performance of this Agreement by such Party have been duly authorized by all requisite corporate action.

(c) It has the power and authority to execute and deliver this Agreement and perform its obligations hereunder.

(d) The execution, delivery and performance by such Party of this Agreement does not and will not conflict with or result in breach of the terms and provisions of any other agreement or constitute a default under (i) a loan agreement, guaranty, financing agreement, affecting a product or other agreement or instrument binding or affecting it or its property; (ii) the provisions of its charter or operative documents or bylaws; or (iii) any order, writ, injunction or decree of any court or governmental authority entered against it or by which any of its property is bound.

(e) The execution, delivery and performance of this Agreement by such Party does not require the consent, approval or authorization of, or notice, declaration, filing or registration with, any governmental or regulatory authority in the Territory and the execution, delivery and performance of this Agreement do not violate any law, rule or regulation applicable to such Party.

(f) This Agreement has been duly authorized, executed and delivered and constitutes such Party's legal, valid, and binding obligation enforceable against it in accordance with its terms subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to the availability of particular remedies under general equity principles.

(g) It shall comply with all applicable laws and regulations relating to its activities under this Agreement.

B. Strathclyde Representations

Strathclyde represents and warrants that, as of the Effective Date: (a) it is the owner of all right, title and interest in and to the Licensed Patents; (b) it has not received any written notice and, to the best of its knowledge, operating under the Licensed Patents does not infringe the proprietary rights of any Third Party; (c) there are no claims, judgments or settlements against or owed by Strathclyde, or pending or threatened claims, or litigation, relating to the Licensed Patents; (d) Schedule A is a complete and accurate listing of all patents and patent applications subject to grant hereunder; and (e) it has not granted any right, license or interest in or to Licensed Patents inconsistent with the rights granted to Targent herein.

C. Indemnification

Strathclyde shall indemnify and hold Targent and its Sublicensees harmless from and against any direct liability, loss, cost, expense (including reasonable attorneys' fees), damage, or penalty of any kind, on account of or resulting from (i) any breach by Strathclyde of its representations and warranties contained in this Article X, (ii) any breach by Strathclyde of any covenant contained in this Agreement, and (iii) any claim or action for infringement of any Third Party intellectual property rights as a result of Targent's operations under the Licensed Patents in the Territory in accordance with this Agreement. Strathclyde's liability under this Article X(C)(iii) shall be limited to the amount of damages/royalties imposed on Targent by judgment or settlement upon the finding of infringement or upon a negotiated license and shall be further limited to the amount of Fees paid by Targent to Strathclyde. Strathclyde shall have the right, at any time, to join negotiations with a Third Party whose intellectual property rights are alleged to be infringed or to take over negotiations with that Third Party if the scope of the alleged infringement is outside the scope of Targent's operations under this Agreement.

Targent shall indemnify and shall impose a corresponding indemnity on its Sublicensees to indemnify Strathclyde and hold Strathclyde harmless from and against any direct liability, loss, cost, expense (including reasonable attorneys' fees), damage, or penalty of any kind, on account of or resulting from (i) any breach by Targent or its Sublicensees, as the case may be, of its or their representations and warranties contained in this Article X and (ii) any breach by Targent or its Sublicensees, as the case may be, of any covenant contained in this Agreement.

ARTICLE XI - FORCE MAJEURE

Neither Party shall be responsible to the other for delay or failure in performance of any of the obligations imposed by this Agreement, provided such delay or failure shall be occasioned by a cause beyond the control of and without the fault or negligence of such Party, including fire, flood, explosion, lightning, windstorm, earthquake, subsidence of soil, failure of machinery or equipment or supply of materials, discontinuity in the supply of power, court order or governmental interference, civil commotion, riot, war, terrorism or terroristic threats, strikes, labor disturbances, transportation difficulties or labor shortage.

ARTICLE XII - DISPUTE RESOLUTION.

In the event that a dispute arises between the Parties, the following procedures shall be followed:

A. Negotiations. In the event that any dispute may arise, the Parties shall first seek to resolve any disputes by negotiation among senior executives who have authority to settle the controversy, as follows:

(d) Notification. When a Party believes there is a dispute relating to the Agreement, the Party will give the other Party written notice of the dispute.

(e) Meeting Among Senior Executives. The senior executives shall meet (either in person or via a video or telephone conference) at a mutually acceptable time and place within thirty (30) days after the date of the notice to exchange relevant information and to attempt to resolve the dispute.

(f) Confidentiality. All negotiations are confidential, shall be treated as compromise and settlement negotiations, and neither Party shall use information obtained during such negotiations in any subsequent dispute resolution proceeding.

B. Mediation. If the dispute has not been resolved within thirty (30) days after the date of the notice of a dispute, or if the Party receiving such notice fails or refuses to meet within such time period, either Party may initiate mediation of the dispute by sending the other Party a written request that the dispute be mediated. The Party receiving such a written request will promptly respond to the requesting Party so that both Parties can jointly select a neutral and impartial mediator and schedule the mediation session. The Parties shall mediate the dispute before a neutral, third-party mediator within thirty (30) days after the date of the written request for mediation.

C. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, and not settled as described in this Article XII (A) or (B), shall be settled by arbitration in accordance with the Licensing Agreement Arbitration Rules of the International Chamber of Commerce, utilizing the laws of England. The situs of arbitration shall be Glasgow, Scotland if initiated by Targent and Princeton, New Jersey if initiated by Strathclyde.

ARTICLE XIII - ADJUDICATION OF LICENSED PATENTS

Should any Licensed Patents be declared invalid or not infringed or limited in scope by a final decision (from which no appeal is or can be taken) of a court or other tribunal of competent jurisdiction in the country in which said patent was granted, then the construction placed upon the patent by said court or other tribunal shall be followed by the Parties from and after the date of entry of the decree of said court or tribunal and fees shall thereafter be payable to Strathclyde only in accordance with such construction.

ARTICLE XIV - CONFIDENTIALITY

The Parties contemplate that during the course of their relationship it may be necessary for Targent to provide Strathclyde with certain confidential information (including financial and sales data not otherwise available to the public) to facilitate the performance of its obligations pursuant to this Agreement. Confidential information received from Targent shall be maintained by Strathclyde in confidence and reasonable and prudent practices shall be followed to maintain the information in confidence and shall be used only for the purpose of and in connection with its performance under this Agreement. The obligation to maintain information in confidence shall survive this Agreement or termination thereof for any reason for a period of seven (7) years thereafter.

ARTICLE XV - MISCELLANEOUS PROVISIONS

A. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law or in equity.

B. Except as may be required by law, rule or regulation that applies to that party, neither Strathclyde nor Targent shall make any public statement or other disclosure of the existence or terms of this Agreement without the express prior written consent of the other Party as to the nature and substance of such statement or other disclosure.

C. This Agreement embodies the entire understanding of the Parties and shall supersede all previous communications, representations, undertakings or agreements, between them, either verbal or written, relating to the subject matter hereof.

D. This Agreement shall be binding upon and inure to the benefit of the successors, permitted assignees and personal representatives of the Parties.

E. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions or provisions had never been contained herein.

IN WITNESS WHEREOF, the Parties have executed this Agreement and have entered the effective date on the first page hereof.

University of Strathclyde

By _____
Title Deputy Director, Head of Grants and Contracts Section
Date

Targent Incorporated

By _____
Title President
Date

SCHEDULE A

Country	Patent No. (Patent Application No.)	Normal Expiry Date (Filing Date)
USA	4,959,472 (07/403,917)	25th September 2007 (1st September 1989)
USA	6,500,829 (08/426,458)	31st December 2019 (18th April 1995)
USA	6,849,628 (10/228,820)	11th May 2008 (27th August 2002)
Canada	1,339,368 (546105)	26th August 2014 (3rd September 1987)

MANUFACTURING AND SUPPLY AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this 23rd day of May 2006, ("Effective Date") by and between Merck Eprova AG, a Swiss corporation, having a place of business at Im Laternenacker 5, 8200 Schaffhausen, Switzerland ("EPRO") and Spectrum Pharmaceuticals, Inc., a Delaware corporation, having a place of business at 157 Technology Drive, Irvine, California, 92618, United States ("SPECTRUM"). EPRO and SPECTRUM may hereinafter each be referred to as a "Party" or collectively as the "Parties". Capitalized terms used in this Agreement shall have the meaning set forth herein or in the License Agreement (as defined below).

WITNESSETH:

WHEREAS, SPECTRUM is licensing certain technology from EPRO (the "Technology") pursuant to a License Agreement dated May 23, 2006 executed by the Parties herewith (the "License Agreement");

WHEREAS, EPRO is engaged in the business of manufacturing drug substances and it has the expertise and appropriate government approvals necessary to manufacture the drug substance incorporating the Technology;

WHEREAS, EPRO and SPECTRUM have agreed to the following terms and conditions, and desire to enter into this Manufacturing and Supply Agreement (the "Agreement"); and

WHEREAS, it is the desire and intention of SPECTRUM that EPRO use the Technology to manufacture or have manufactured the drug substance Calcium Levofolinate (hereinafter "Product"), upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, the Parties, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and with the Parties intending to be legally bound do hereby agree as follows:

Article 1 Product Manufacture

(a) During the term of this Agreement, SPECTRUM shall from time to time, place orders with EPRO . EPRO shall process and deliver the Product pursuant to such orders, in compliance with the Specifications as defined in **Exhibit A** attached hereto.

EPRO shall have the right to require SPECTRUM to pay 10% of the price for that amount of the Minimum Quantities of Product which have not been ordered by SPECTRUM.

(b) EPRO shall manufacture and have ready for shipment the ordered quantities of the Product within ninety (90) days from receipt of a written purchase order from SPECTRUM hereunder. SPECTRUM shall furnish EPRO with its three (3) year forecast on the Effective Date and every three (3) months with its rolling forecast for the following twelve (12) month period for the Product, however, any such estimates shall not be binding or otherwise limit or obligate SPECTRUM in any way except for the first six (6) months which shall be binding and shall be referred to as the "Minimum Quantities."

(c) From time to time during the term of this Agreement, the Parties by mutual consent, may add to or modify the Specifications attached hereto as **Exhibit A** by reasonable advance written notice. EPRO will update its drug master file (DMF) every time the drug substance specifications are changed.

(d) EPRO shall not actively manufacture the Product for any third party for the Field of Use in the Territory and shall cooperate in good faith with Spectrum to insure that Product sold to any third party shall not be re-sold or used by that Party in the Field of Use in the Territory.

(e) SPECTRUM shall purchase its Product requirements exclusively from EPRO during the term of this Agreement.

(f) EPRO shall not manufacture or sell any product using the Technology or license its knowledge of the Technology to enable other manufacturers to make available the Product in the Field of Use in the Territory.

(g) EPRO shall manufacture the Product at its facility located at Schaffhausen, Switzerland ("EPRO's Facility"), which facility will have to be inspected and approved by SPECTRUM prior to shipment of any commercial Product, and meets with all FDA requirements. EPRO will use commercially reasonable efforts to file a Drug Master File ("DMF") for the manufacture of the Product before November 1st, 2006 and will be responsible for all associated costs. EPRO hereby represents and warrants that EPRO's Facility, including the real estate on which it is situated and all equipment located therein is now, and shall be for the term of this Agreement, owned and operated solely by EPRO or an Affiliate thereof. EPRO, at its expense, shall furnish upon written request from SPECTRUM, the complete filing of the DMF directly to the United States Food and Drug Administration ("FDA") under confidentiality obligations prior to SPECTRUM's submission to the FDA of its deficiency response associated with the New Drug Application ("NDA") for the Product, and the "open part" of the DMF to SPECTRUM. EPRO shall also furnish, at its expense, all available equivalent documentation to the regulatory authorities in Canada and Mexico to support future regulatory filings in those territories where SPECTRUM has marketing rights, in addition to any other documents, as may be reasonably requested by SPECTRUM and are available at EPRO, related to the Drug Master File.

(h) After NDA-approval of a Licensed Product, EPRO shall be required to maintain an inventory of at least fifteen (15) kilograms of the Product, and will promptly manufacture said Product upon the receipt of a purchase order.

Article 2 Prices

(a) SPECTRUM shall pay to EPRO in full and complete consideration for the manufacture, control and delivery of the Product hereunder, the price as specified in Article 2(b) and (c) hereof (the "Price"). EPRO shall supply all materials necessary for the manufacture and packaging of the Product.

(b) During the term of this Agreement, the Price of the Product shall be USD 27 per gram calculated as anhydrous free acid from the Effective Date until December 31, 2009.

(c) SPECTRUM shall pay to EPRO the actual Price of the Product delivered to SPECTRUM hereunder. On January 1, 2010, and thereafter each January 1, the Price of the Product may be renegotiated by the mutual agreement of both Parties. SPECTRUM shall be able to obtain competitive prices and if SPECTRUM is able to obtain a lower price from another manufacturer in a bonafide third party offer for Product in commercial quantities and similar quality (i.e Product should be acceptable by the health authorities and the alternative supplier shall give proof of its commitment to file a respective DMF for the Territory), then SPECTRUM shall be able to terminate this Agreement and use the other manufacturer provided that EPRO shall have the opportunity to meet such competitive offer price in which case SPECTRUM shall continue to purchase its total demand of Product from EPRO until the following January 1st.

Article 3 Raw Materials and Packaging

(a) All ingredients and raw materials used by EPRO for the manufacture of the Product shall conform to the set Specifications and must meet the requirements of the FDA for current Good Manufacturing Practices ("cGMP") compliance.

(b) EPRO will package the Product according to EPRO's most recent packaging guidelines, which are set forth in **Exhibit B** hereto, and label the Product in accordance with FDA's and applicable labeling regulations, so that the Product is ready-to-ship to a third party toll manufacturer for finished good production.

(c) EPRO agrees to inform SPECTRUM within fifteen (15) days of the result of any regulatory development or major changes in specifications of the raw materials and/or of the Product that may materially affect the Product. EPRO shall notify SPECTRUM of and require written approval from SPECTRUM for changes as agreed in the Quality Agreement.

(d) The capitalized terms in this Article 3 shall have the meaning set forth below:

a. BATCH shall mean a specific quantity of Product comprising a number of units mutually agreed upon between SPECTRUM and EPRO, and that (a) is intended to have uniform character and quality within specified limits, and (b) is produced according to a single manufacturing order during the same cycle of Production.

b. Master Batch Record (MBR) shall mean the formal set of instructions for the Production of Product. The MBR will be developed and maintained in EPRO's standard format.

c. Production or Product shall mean the manufacturing operation including compounding, filling, packaging, inspection, labeling, and testing of the Product by EPRO.

Article 4 Delivery, Payment and Title to Product

(a) All Product shipments shall be delivered to SPECTRUM or a designated toll manufacturer, CIF nearest international airport from EPRO's Facility and placed by EPRO into the custody of carriers pursuant to SPECTRUM's written directions. EPRO shall furnish to SPECTRUM sufficient information to verify shipment of the Product.

(b) EPRO shall invoice SPECTRUM for the Product on the date such Product shipment is shipped from EPRO's Facility on instructions from SPECTRUM. Terms of payment shall be net forty-five (45) days from the date of such invoice. Late payments must bear ten (10) percent interests per annum.

SPECTRUM shall bear the risk of loss or damage to any Product after the same shall have been delivered to the possession of either SPECTRUM, the toll manufacturer or to SPECTRUM's carrier pursuant to SPECTRUM's instructions, except for loss or damage caused by the manufacturing, processing, packaging, or quality of the Product, in which case such loss or damage shall be borne solely by EPRO. EPRO shall bear the risk of loss or damage to any Product ordered hereunder prior to the delivery of such Product to SPECTRUM, the toll manufacturer or to the carrier designated by SPECTRUM for transportation thereof.

Article 5 Inspection, Manufacturing Compliance, Acceptance of Product

(a) SPECTRUM may once per year, or more often if reasonably necessary, during normal business hours and with at least ten (10) days prior notice, visit EPRO's facility to observe the manufacture and packaging of the Product, and/or to audit the facility for quality and to collect samples of the Product.

(b) A certificate of analysis for each Batch delivered shall set forth the items tested, Specifications, and test results and a re-test date. EPRO shall send, or cause to be sent, such certificates to SPECTRUM prior to the shipment of Product (unless Product is shipped under quarantine). SPECTRUM shall test, or cause to be tested, for release for further manufacturing, each Batch of Product as meeting the Specifications within thirty (30) days after receipts by SPECTRUM.

(c) SPECTRUM's payments for Product shipments received by SPECTRUM shall not constitute approval or acceptance of such Product. If the Product is defective or does not conform to samples, descriptions or the Specifications attached hereto as **Exhibits A** and/or **B**, SPECTRUM is hereby granted the option to reject all shipped lots of the Product, accept all Batches, or accept any Batchess thereof and reject the rest. EPRO shall reimburse SPECTRUM in full for those Products rejected and returned, and EPRO shall assume all costs of transportation and handling both ways. If not rejected within thirty (30) days, the Product shall be deemed accepted.

(d) EPRO shall from time to time furnish to SPECTRUM upon reasonable written request, without charge, pre-shipment samples of the Product that SPECTRUM needs for quality control, testing and evaluation.

(e) In case, EPRO does not agree that the rejected Products are defective or the defectiveness of the Products has not been caused by EPRO, the Parties will appoint an independent third party expert whose results shall be final and binding. The costs for such procedure and the handling of the defective Product shall be borne by the Party whose determination was in error.

(f) Unless otherwise stated, EPRO is responsible for compliance with cGMP and any applicable United States, Canadian and Mexican Laws and any applicable local laws and regulations ("Regulations") as they apply generally to production of drug substances at the site of manufacturing. SPECTRUM shall be responsible for compliance with all Regulations as they apply to all other aspects of the use and sale of Product, which responsibility shall include, without limitation, all contact with the FDA regarding the foregoing.

Article 6 Warranties and Representations

(a) The Product manufactured, processed and packaged hereunder shall be manufactured, processed and packaged in conformity with cGMP's and the Specifications set forth in Article 1, **Exhibits A and B** of this Agreement. EPRO covenants, represents and warrants that the Product shall be produced in accordance with cGMP. EPRO covenants, represents and warrants that it has obtained (or will obtain prior to producing the Product), and will remain in compliance with during the term of this Agreement, all permits, licenses and other authorizations which are required under *federal, state and local laws, rules* and regulations applicable to the production only of the Product.

(b) All materials, ingredients, supplies and packaging materials utilized in the manufacture of Product sold hereunder shall be merchantable, of good quality and fit for the purpose intended.

(c) EPRO has, and shall maintain during the term of this Agreement, the capability to manufacture, package and deliver to SPECTRUM, under the terms of this Agreement, at least ten (10) kilograms of the Product per month, if ordered by SPECTRUM. The Parties may adjust the required quantity from time to time.

(d) The execution of this Agreement and performance hereunder does not, and will not, abrogate, breach, or conflict with any agreement, mortgage, pledge, or contract to which EPRO is a Party.

Article 7 Indemnities

EPRO shall assume all responsibility for and shall defend, indemnify and hold SPECTRUM and its directors, members, officers, employees, agents, consultants, shareholders, affiliates, toll manufacturer, partners or advisors or those of its subsidiaries and/or affiliates ("Representatives") harmless from and against any and all liability, losses, expenses, damages, assessments and claims, causes of action, settlement costs, including reasonable attorney's fees, or other liabilities of any kind (collectively, "Damages") arising out of, resulting from or attributable to

(a) defects relating to a defective Product (defectiveness caused by EPRO); or

(b) material breach by EPRO of any term or provision of this Agreement; or

(c) negligent act or omission by EPRO and its Representatives; provided, that this (a) shall not obligate EPRO to indemnify SPECTRUM for any portion of Damages directly attributable to, and directly caused by, the negligence or omission of SPECTRUM and/or its Representatives.

SPECTRUM shall assume all responsibility for and shall defend, indemnify and hold EPRO and its Representatives harmless from and against any and all Damages arising out of, resulting from or attributable to:

(a) the use, sale, offer to sell, transfer or import of Product after acceptance by SPECTRUM; or

(b) material breach by SPECTRUM of any term or provision of this Agreement; or

(c) negligent act or omission by SPECTRUM and/or its Representatives; provided, that this (a) shall not obligate SPECTRUM to indemnify EPRO for any portion of Damages directly attributable to, and directly caused by, the negligence or omission of EPRO and/or its Representatives.

A party (the "Indemnitee") which intends to claim indemnification under this Article 7 shall promptly notify the other party (the "Indemnitor") in writing of any action, claim or other matter in respect of which the Indemnitee or any of its Affiliates, or any of their respective directors, officers, employees, subcontractors, or agents, intend to claim such indemnification; provided, however, that failure to provide such notice within a reasonable period of time shall not relieve the Indemnitor of any of its obligations hereunder except to the extent the Indemnitor is prejudiced by such failure. The Indemnitee shall permit, and shall cause its Affiliates, and their respective directors, officers, employees, subcontractors and agents to permit, the Indemnitor, at its discretion, to settle any such action, claim or other matter, and the Indemnitee agrees to the complete control of such defense or settlement by the Indemnitor. Notwithstanding the foregoing, the Indemnitor shall not enter into any settlement that would adversely affect the Indemnitee's rights hereunder, or impose any obligations on the Indemnitee in addition to those set forth herein, in order for it to exercise such rights, without Indemnitee's prior written consent, which shall not be unreasonably withheld or delayed. No such action, claim or other matter shall be settled without the prior written consent of the Indemnitor, which shall not be unreasonably withheld or delayed. The Indemnitee, its Affiliates, and their respective directors, officers, employees, subcontractors and agents shall fully cooperate with the Indemnitor and its legal representatives in the investigation and defense of any action, claim or other matter covered by the indemnification obligations of this Article 7. The Indemnitee shall have the right, but not the obligation, to be represented in such defense by counsel of its own selection and at its own expense.

The indemnification obligations set forth in this Article shall survive the expiration or termination of this Agreement.

Article 8 Insurance

(a) EPRO shall procure and maintain, during the term of this Agreement and for a period one (1) year beyond the expiration date of Product, comprehensive general liability insurance in the amount of $2,000,000 per occurrence and annual aggregate combined single limit for bodily injury and property damage liability and products liability insurance in the amount of $10,000,000 per occurrence and annual aggregate combined single limit for bodily injury and property damage liability. All of such insurance coverage shall be maintained with an insurance company or companies having an A.M. Best rating of A – VII or better. EPRO promptly shall deliver, upon written request by SPECTRUM, a certificate of EPRO'S insurance evidencing such coverage.

(b) SPECTRUM shall procure and maintain, during the term of this Agreement and for a period one (1) year beyond the expiration date of Product, comprehensive general liability insurance in the amount of $2,000,000 per occurrence and annual aggregate combined single limit for bodily injury and property damage liability and products liability insurance in the amount of $10,000,000 per occurrence and annual aggregate combined single limit for bodily injury and property damage liability. All of such insurance coverage shall be maintained with an insurance company or companies having an A.M. Best rating of A – VII or better. EPRO shall be named as an additional insured on the SPECTRUM insurance and SPECTRUM promptly shall deliver, upon written request by EPRO, a certificate of SPECTRUM insurance and endorsement of additional insured to EPRO evidencing such coverage.

Article 9 Intellectual Property Rights

Rights to the intellectual property in the Product and the underlying Technology shall be as set forth in the License Agreement.

Article 10 Assignment

This Agreement shall be binding upon and inure to the benefit of the successors or permitted assigns of each of the Parties and may not be assigned or transferred by either Party without the prior written consent of the other, which consent will not be unreasonably withheld or delayed, except that no consent shall be required in the case of a transfer to a wholly-owned subsidiary or transaction with a third party involving the merger, consolidation or sale of substantially all of the assets of the Party seeking such assignment or transfer and such transaction relates to the business covered by this Agreement and the resulting entity assumes all the obligations under this Agreement. No assignment shall relieve any Party of responsibility for the performance of its obligations hereunder.

Article 11 Confidentiality

The Parties shall be bound to the same confidentiality provisions as set forth in Article III of the License Agreement and set forth in the Mutual Confidentiality Agreement dated November 1, 2005.

Article 12 Term and Termination

(a) Subject to Article 2(c) above, this Agreement is effective on the Effective Date and shall remain in full force and effect for as long as SPECTRUM is required to pay EPRO a royalty payment under Article V(A)(2)(a), (b), (c) or (d) under the License Agreement. This Agreement may be renewed only upon written agreement of the Parties.

(b) Either Party may terminate this Agreement in the event of a material breach by the other Party of this Agreement that is not cured within sixty (60) days from notice of such breach by the non-breaching Party.

(c) Termination, expiration, cancellation or abandonment of this Agreement through any means or for any reason, except as set forth in Articles 12(a) or 12(b), shall be without prejudice to the rights and remedies of either Party with respect to any antecedent breach of any of the provisions of this Agreement. The provisions of Articles 6, 7, 8, 9, 11, 12, 13, 15 and 16 hereof shall survive expiration or termination of this Agreement.

Article 13 Notices

All notices under this Agreement shall be in writing and shall be either mailed, return receipt requested, to the addresses set forth above or transmitted by facsimile, with confirmation of transmission, to the facsimile number listed below:

For EPRO:
Merck Eprova AG
Im Laternenacker 5
8200 Schaffhausen
Switzerland
Attention: Martin Ulmann
Fax: ++41 (0)52 630 7255

For SPECTRUM:
Spectrum Pharmaceuticals, Inc.
157 Technology Drive
Irvine, CA 92618
U.S.A.
Attention: V.P., General Counsel
Fax: 1 (949) 788-6706

Article 14 Scope of Agreement

This Agreement shall constitute the entire agreement between the Parties pertaining to the subject matter thereof. Neither Party is authorized to make any representation, warranty, or promise on behalf of the other Party. No change, termination or attempted waiver of any of the provisions hereof shall be binding upon a Party unless signed by a duly authorized officer of the Party. Neither Party shall represent that it has power to bind the other Party or to assume or to create any obligation or responsibility, expressed or implied, on behalf of the other Party.

Article 15 Dispute Resolution

Any and all disputes under the Agreement shall be settled in accordance with the dispute resolution procedure set forth in Article XIII of the License Agreement.

Article 16 Applicable Law

This Agreement shall be construed in accordance with Article XI of the License Agreement.

Article 17 Severability

If any portion of this Agreement shall be in violation of any applicable law, rule or regulation, such portion shall be inoperative, but the remainder of the Agreement shall remain valid and continue to bind the Parties.

Article 18 Independent Contractors

The Parties are independent contractors and engage in the operation of their own respective businesses, and neither SPECTRUM nor EPRO shall be considered an employee, agent or joint venture partner of the other for any purpose whatsoever. Neither SPECTRUM nor EPRO shall have any authority to enter into any contracts or assume any obligations for the other or to make any warranties or representations on behalf of the other.

Article 19 Headings, Interpretation

The headings used in this Agreement are for convenience only and are not part of this Agreement.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives on the day and year first above written.

Merck Eprova AG

By: /s/ Martin Ulmann
Martin Ulmann
Title: General Manager
Date: June 1, 2006

By: /s/ Thomas Suter
Thomas Suter
Title: Chief Financial Officer
Date: June 1, 2006

Spectrum Pharmaceuticals, Inc.

By: /s/ Rajesh C. Shrotriya
Rajesh C. Shrotriya, M.D.
Title: Chairman, CEO and President
Date: May 19, 2006

EXHIBIT A

SPECIFICATIONS

CALCIUM LEVOFOLINATE (L-CALCIUM FOLINATE)

SPECIFICATIONS for Purchase by SPECTRUM.

Appearance / Solubility	A white to light yellow, crystalline powder. Slightly soluble in water, practically insoluble in acetone and alcohol.	
Identification		
• IR-spectrum	complies with that of the reference standard	
• HPLC-retention time	complies with that of the reference standard	
• Calcium	positive	
Appearance of solution	clear, absorbance at 420 nm not more than 1.0 AU measured in a 4 cm cuvette.	
	(This corresponds to an absorbance of 0.25 measured in a 1 cm cuvette)	
pH	7.5 to 8.5	
Optical rotation	• 10° to -15° on anhydrous and solvent free basis	
Residual solvent	• acetone:	not more than 0.5%
	• ethanol:	not more than 0.5%
	• methanol:	not more than 0.2%
	• 2-propanol:	not more than 0.5%

Related substances	Individual related compounds (% w/w)	
	• folic acid:	not more than 0.15%
	• formylfolic acid:	not more than 0.1%
	• p-aminobenzoylglutamic acid:	not more than 0.4%
	• formyltetrahydropteroic acid:	not more than 0.4%
	• RC (8) *:	not more than 0.3%
	• RC (9):	not more than 0.1%
	• RC (10) *:	not more than 0.3%
	• individual other related comp.:	not more than 0.2%
	sum related compounds:	not more than 1.5%
D-isomer (impurity H)	not more than 0.5%	
Chloride	not more than 0.5%	
Heavy metals	not more than 20 ppm	
Platinum	not more than 10 ppm	
Water	12.0 to 17.0%	
Assay		
• Folinate	not less than 97.0% and not more than 102.0% calculated on the anhydrous and solvent free basis (actual USP-reference standard)	
• Calcium	7.54 to 8.14% on anhydrous and solvent free basis	
Bacterial endotoxins	not more than 0.2 EU / mg	
Total microbial count	not more than 50 CFU/g	
Yeast and mould	not more than 50 CFU/g	
Absence of pathogens	absence of E. Coli in 10 g absence of Salmonella in 10 g absence of St. aureus in 10 g absence of Ps. aeruginosa in 10 g	

Particle size	90% less than 190 µm
	50% less than 100 µm

* The impurity limits must meet ICH guidelines Q3AR. EPRO will perform identification studies for the two (2) impurities for inclusion in their DMF.

EXHIBIT B

PACKAGING GUIDELINES

Bags:

- Low-density polyethylene (LDPE) bag

  Supplier: Plasti-Pack, Zürich, Switzerland
- Low-density polyethylene (LDPE)/ aluminium composite foil bag

  Supplier: VTT AG Reinach, Switzerland

Drum:

Fibre drum of impregnated cardboard, spirally wound up, which acts as steam barrier (bottom and jacket). Lid made of hardboard, with galvanised closing ring.

Supplier: IZag Zofingen, Zofingen, Switzerland

Procedure

Bulk powder is filled into the first bag (polyethylene). Then the bag is closed, labelled with product name, batch no. and weight.

The second bag (polyethylene / aluminium composite) is heat-sealed, labelled and placed into the fibre drum. The drum is also labelled and secured with an individually numbered seal.

Storage temperature: 2º to 8º C

EXHIBIT C

EPRO Bank Account

Receiving party:	Merck Eprova AG
Account# (USD):	230-EW103618.0
IBAN:	CH48 0023 0230 EW10 3618 0
SWIFT-code:	UBSWCHZH80A

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Rajesh C. Shrotriya, 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.

Date: November 9, 2012

/s/ Rajesh C. Shrotriya

Rajesh C. Shrotriya, MD
Chairman, Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Brett L. Scott, 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.

Date: November 9, 2012

/s/ Brett L. Scott

Brett L. Scott
Senior Vice President, Acting Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Rajesh C. Shrotriya, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Spectrum Pharmaceuticals, Inc. on Form 10-Q for the quarterly period ended September 30, 2012 (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: November 9, 2012

By: /s/ Rajesh C. Shrotriya
Name: Rajesh C. Shrotriya, MD
Title: Chairman, 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, Brett L. Scott, certify, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, that the Quarterly Report of Spectrum Pharmaceuticals, Inc. on Form 10-Q for the quarterly period ended September 30, 2012 (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: November 9, 2012

By: /s/ Brett L. Scott
Name: Brett L. Scott
Title: Senior Vice President, Acting 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.