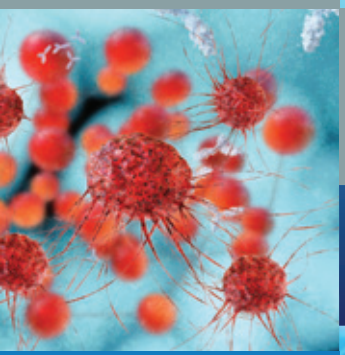
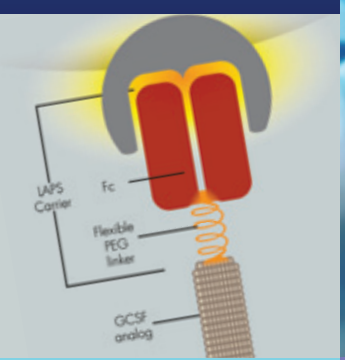
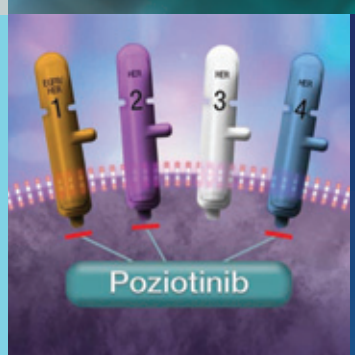
2016
CHAIRMAN
& CEO LETTER

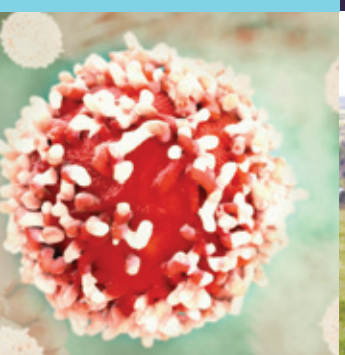


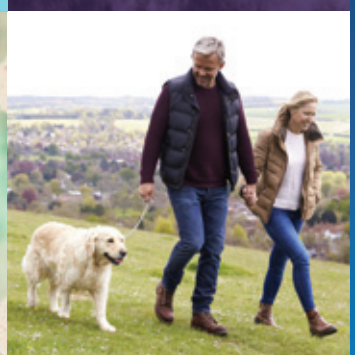
DRIVEN BY **DATA**

Inspired by ***PATIENTS***









SPECTRUM™
PHARMACEUTICALS

Redefining Cancer Care

A LETTER FROM THE CHAIRMAN & CEO

2016 Milestones

- *Received orphan drug exclusivity for EVOMELA*
- *Received FDA approval and launched EVOMELA*
- *Attained more than 35% market share since EVOMELA launch*
- *ROLONTIS Phase 3 program initiated*
- *Promising poziotinib preclinical data for lung cancer EGFR exon-20 insertion mutations oral presentation at World Conference on Lung Cancer*
- *Poziotinib US breast cancer Phase 2 study initiated*
- *Qapzola data presented at an oral presentation at the American Urological Association Annual Meeting*
- *Qapzola received a new Special Protocol Assessment (SPA) from the FDA*
- *Survival advantage shown in a case match control analysis of the PROPEL Study with FOLOTYN at American Society of Hematology Annual Meeting*
- *Strategic partnership with Servier established for ZEVALIN, MARQIBO, FOLOTYN and BELEODAQ*

A Year of Marked Progress

At Spectrum, we seek to develop new drugs that offer better targeted approaches to kill tumors and to offer new ways to counter common side effects of chemotherapy. Despite improvements made in the treatment of cancer over the past few decades, much more needs to be done to improve the quality of life and life-span of cancer patients. We are driven to bring our novel drugs to patients with unmet medical needs.

2016 was a year of marked progress on multiple fronts. We initiated and made significant progress in enrolling breast cancer patients in a Phase 3, pivotal study with our lead, novel drug ROLONTIS™ (eflapegrastim). Our second novel drug poziotinib, has shown exciting preclinical data in lung cancer with exon-20 insertion mutations. Patients with these types of mutation generally do not have satisfactory responses to first generation tyrosine kinase inhibitors (TKIs) and their progression free survival (PFS) is less than two months. For QAPZOLA™, we recently received a Special Protocol Assessment for an improved Phase 3 trial and the FDA agreed that an NDA can be filed based on its results. In addition we received FDA approval for our sixth anticancer drug, EVOMELA®, which achieved 35% penetration of the market within eight months of launch. Spectrum now has six FDA-approved drugs on the market. We use revenue from these drugs to reinvest in our advanced-stage pipeline.

Our pipeline has several potential game-changers. Each of our advanced drugs, ROLONTIS, poziotinib and Qapzola™ has strong data, a defined regulatory pathway, and the potential to benefit hundreds of thousands of patients suffering with cancer.

ROLONTIS

ROLONTIS (previously called SPI-2012) is a next-generation biologic drug being developed for the treatment of chemotherapy-induced neutropenia. It has the potential to be the first novel drug in this multibillion dollar market in more than 15 years. Chemotherapy can cause myelosuppression, leading to low levels of white blood cells, making patients prone to infections, hospitalizations, and interruption of additional chemotherapy treatments. ROLONTIS, designed using innovative LAPSCOVERY™ technology, stimulates the production of white blood cells. In our previously completed Phase 2 trial, ROLONTIS showed promising efficacy and safety.

In 2016, we initiated a Phase 3 study under a Special Protocol Assessment (SPA) from the FDA and we expect to initiate an additional Phase 3 study in 2017 to support our global marketing authorization plan. We are actively enrolling cancer patients in our current program and expect to file a Biologics License Application (BLA) with the FDA in 2018.

POZIOTINIB

Poziotinib is a novel, irreversible, pan-HER inhibitor bringing us to the frontier of precision medicine or targeted therapy. In Phase 1 trials, poziotinib showed promising clinical activity in patients who had progressed on multiple treatments, including HER-2 inhibitors.

Based on exciting preclinical data presented at the World Conference on Lung Cancer in December 2016, we plan to aggressively develop poziotinib in non-small cell lung cancer (NSCLC). The data presented suggests that poziotinib has potential in the treatment of lung cancer patients with a genetic defect, EGFR exon-20 insertion mutations.

Such patients do not respond to other targeted tyrosine kinase inhibitors. As a result, these patients have limited treatment options and poor prognosis that results in progression free survival of less than two months. An investigator-initiated trial of poziotinib, currently underway in patients with NSCLC EGFR exon-20 insertion mutations at The University of Texas MD Anderson Cancer Center, is expected to yield results before year-end.

Based on the results seen in early trials, we are also developing poziotinib for the treatment of HER2-positive breast cancer. Two Phase 2 breast cancer trials are ongoing, one in the U.S. and one in Korea through our partner Hanmi Pharmaceuticals. We look forward to reporting our future development plans based on results from these trials.

QAPZOLA

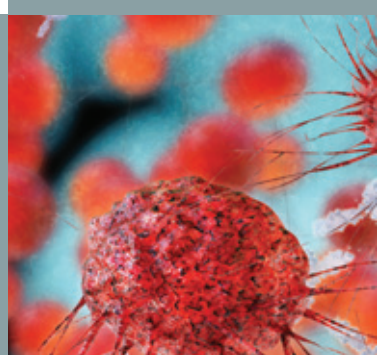
Qapzola is our tumor-activated drug for non-muscle invasive bladder cancer. We recently received a SPA for an improved Phase 3 trial and the FDA agreed that an NDA can be filed based on its results. Compared to the previous study, this study will have 70% fewer patients evaluated, a two-to-one randomization in favor of Qapzola, twice the dosage, and time to recurrence as the primary endpoint. We are pleased to have the learnings of our previous research and recommendations from the FDA incorporated into our newly designed trial and expect to start enrollment in 2017.

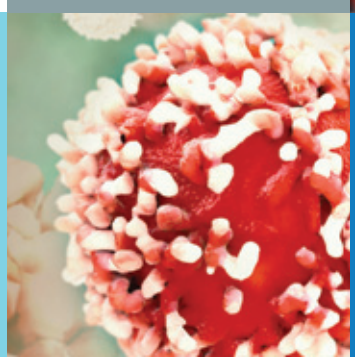
Positioned for Transformational Growth

I am proud of what the Spectrum team has accomplished this past year. The Company continues to utilize and build upon our deep expertise in developing and commercializing anticancer therapies. The progress that we have made would not have been possible without the dedication and commitment of our team. I thank them for their tireless efforts. On behalf of the Board of Directors, I also thank our Shareholders for their support.

We made significant advancements in our pipeline throughout 2016 and I believe we are well-positioned for transformational growth. We continue to be inspired by patients and we remain committed to delivering better treatment options. Spectrum is in a unique position having multiple opportunities to create value while benefiting patients.

Rajesh C. Shrotriya, MD
CEO and Chairman of the Board





KEY MANAGEMENT

RAJESH C. SHROTRIYA, MD
Chairman of the Board and Chief Executive Officer

JOSEPH W. TURGEON
President and Chief Operating Officer

KURT A. GUSTAFSON
Executive Vice President and Chief Financial Officer

PRAMOD K. GUPTA, PhD
Senior Vice President, Pharmaceutical Operations

THOMAS J. RIGA
Senior Vice President and Chief Commercial Officer

ZANE YANG, MD
Senior Vice President, Clinical Development

LISA A. CROISSANT
Vice President, Sales

SHIV S. KAPOOR
Vice President, Strategic Planning and Investor Relations

AVI N. OLER, Esq, CFA
Vice President, Operations and Chief of Staff to the CEO

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MARKET FOR COMMON STOCK
NASDAQ Global Select Market: SPPI

This report contains forward-looking statements regarding future events and the future performance of Spectrum Pharmaceuticals, Inc. that involve risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. Risks that could cause results to differ include risks described in the enclosed Annual Report on Form 10-K and other risks described in further detail in the Company's other reports filed with the Securities and Exchange Commission.

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