

STANDARD CAPITAL CORP
Form 10KSB
November 02, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-KSB

(x) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES ACT OF 1934
For the fiscal year ended August 31,
2006

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

For the transaction period from to

Commission File Number 0-25707

STANDARD CAPITAL CORPORATION
(Exact name of Company as specified in charter)

Delaware 91-1949078
State or other jurisdiction of incorporation or (I.R.S. Employee I.D. No.)
organization

2429 - 128th Street
Surrey, British Columbia, Canada V4A 3W2
(Address of principal executive offices) (Zip Code)

Issuer's telephone number 1-604-538-4898

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

Title of each share	Name of each exchange on which
None	registered
	None

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

None
(Title of Class)

Check whether the Issuer (1) filed all reports required to be filed by section 13 or 15 (d) of the Exchange Act during the past 12 months (or for a shorter period that Standard was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes [X] No [] (2) Yes [X] No []

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Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of Standard's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. []

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

State issuer's revenues for its most recent fiscal year: \$-0-

State the aggregate market value of the voting stock held by nonaffiliates of Standard. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specific date within the past 60 days.

As at August 31, 2006, the aggregate market value of the voting stock held by nonaffiliates is undeterminable and is considered to be 0.

(ISSUER INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE LAST FIVE YEARS)

Not applicable

(APPLICABLE ONLY TO CORPORATE COMPANYS)

As of August 31, 2006, Standard has 2,285,000 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Exhibits incorporated by reference are referred under Part IV.

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PART 1

ITEM 1. DESCRIPTION OF BUSINESS

History and Organization

Standard was incorporated on September 24, 1998 and has no subsidiaries and no affiliated companies. It has not been in bankruptcy, receivership or similar proceedings since its inception. Nor has it been involved in any material reclassification, merger, consolidation or purchase or sale of any significant assets not in the ordinary course of business. Standard's executive offices are located at 2429 - 128th Street, Surrey, British Columbia, Canada, V4A 3W2 (Tel: 604-538-4898).

Standard is engaged in the exploration of a mineral claim known as the "Standard". (see *Part 1, "Exploration and Development of the Standard Claim"*). Standard is referred to as being in the "pre-exploration" stage by its auditors. This term is generally used in Financial Accounting Standards to describe a company seeking to develop its ideas and products. Standard is not in the development stage with regards to any mineral claim. No ore reserve has been discovered and no substantial exploration has been done on its mineral claim. Standard is purely an exploration company. There is no assurance that any ore reserve will ever be found and that Standard will have sufficient funds to undertake the exploration work required to identify an ore reserve.

Management anticipates that Standard's shares will be qualified on the system of the National Association of Securities Dealers, Inc. ("NASD") known as the OTC Bulletin Board (the "OTCBB"). At the present time, Standard has made no application to the OTCBB and there is distinct possibility its shares will never be quoted on the OTCBB.

Standard owns the exclusive rights to all minerals on the Standard claim except for coal which is under a separate license. There are virtually limited possibilities that there is any coal on the Standard claim. The claim is in good standing until February 24, 2007. The actual land is owned by the Crown (the Province of British Columbia). If Standard does not perform exploration work or pay cash-in-lieu in the amount of \$3,100 on or before February 24, 2007 the rights to the mineral claim will expire and the ground can be staked by someone else.

Standard has no revenue to date from the exploration of the Standard claim, and its ability to effect its plans for the future will depend on the availability of financing. Such financing will be required to explore the Standard claim to a stage where a decision can be made by management as to whether an ore reserve exists and can be successfully brought into production. Standard anticipates obtaining such funds from its directors and officers, financial institutions or by way of the sale of its capital stock in the future (see *Part 1, Item 2 - "Plan of Operations"*), but there can be no assurance that Standard will be successful in obtaining additional capital for exploration activities from the sale of its capital stock or in otherwise raising substantial capital.

Standard is responsible for filing various forms with the United States Securities and Exchange Commission (the "SEC") such as Form 10-KSB and Form 10-QSB but was deficient in these filings due to a lack of money. The filings have now been brought up to date.

The shareholders may read and copy any material filed by Standard with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, DC, 20549. The shareholders may obtain information on the operations of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information which Standard has filed electronically with the SEC by accessing the website using the following address: <http://www.sec.gov>. Standard has no website at this time.

Planned Business

The following discussion should be read in conjunction with the information contained in the financial statements of Standard and the notes, which form an integral part of the financial statements, which are attached hereto.

The financial statements mentioned above have been prepared in conformity with accounting principles generally accepted in the United States of America and are stated in United States dollars.

Standard presently has minimal day-to-day operations; consisting mainly of maintaining the Standard claim in good standing and preparing the reports filed with the SEC as required.

Risk Factors

Our shareholders and any future investors must be aware of the following risk factors prior to investing in Standard's common stock. It must be emphasized that Standard, if any of these risks become fact, may have to cease operations and our shareholders and any future investors could lose part or all of their investment.

RISKS ASSOCIATED WITH OUR COMMON STOCK

1. Penny stock rules may make buying or selling of our shares difficult.

Eventual trading in our shares will, in all likelihood, be subject to the "Penny Stock" rules. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. These rules require that any broker-dealer who recommends our shares to persons other than prior customers and accredited investors, must prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our shares, which could severely limit their market price and liquidity of our shares. Broker-dealers who sell penny stocks to certain types of investors are required to comply with the Commission's regulations concerning the transfer of penny stock. These regulations require broker-dealers to:

- Make a suitability determination prior to selling a penny stock to the purchaser;
- Receive the purchaser's written consent to the transaction; and
- Provide certain written disclosures to the purchaser.

From our standpoint, it might be difficult for us to induce new investors to purchase shares since they might not want to be involved in a penny stock company. Future investors must be aware that our shares will fall into the classification of a penny stock and therefore be subject to the rules mentioned above and the various limitations associated with these rules.

2. We may, in the future, conduct offerings of our common stock in which case all shareholdings will be diluted.

In the future, we may conduct offerings of shares to finance our exploration activities on the Standard claim or to finance subsequent exploration projects that we decide to undertake. If we decide to raise money through offerings in the future all shareholdings will be diluted.

3. There is no public trading market for our common shares and our shareholders may not be able to sell his or her shares at any time and on terms and conditions he or she considers reasonable.

There is currently no public trading market for our common stock and therefore, there is no central place, like a stock exchange or electronic trading system, to resell one's shares. If one of our shareholders does want to resell his or her shares, they will have to locate a buyer and negotiate their own sale. Even if our shareholder is able to find a willing buyer, there can be no assurance he or she will be able to sell their shares at or above the price at which these shares were purchased.

4. If we are successful in obtaining a market for our shares certain internal and external forces will affect the value of our trading shares.

The stock market has experienced extreme volatility in recent years and may continue to do so in the future. We cannot be sure an active public market for our shares will develop or if an active market should develop that it would continue. The price for our shares will be determined in the marketplace and may be influenced by many factors, including both internal and external forces as follows:

- variations in our financial results compared to companies similar to ours; especially in the exploration of the Standard claim compared to other exploration properties in North America;
- changes in earnings estimates, if any, by industry research analysts for our Company or for similar companies in the same industry;
- future investors' or other market participants' perceptions of our Company as a current or future investment; and
- general or regional economic conditions normally have a wide impact on the price of shares trading on the stock market and our Company's shares will be affected by changes in such conditions.

The problem we encounter with a volatile stock market, which we have no control over, is that we might not require funds when the market price of our shares are high but when the price is lower we might require funds to maintain the Company and explore the Standard claim. This would result in having to issue additional shares during lower prices; resulting in a greater dilution effect on our shareholders.

5. We may not be able to maintain a quotation of our common stock on the OTCBB due to not filing the required information as it is due, which would make it more difficult for an investor to sell our shares.

Even if our Company is accepted for a quotation on the OTCBB, we cannot guarantee that it will always be available for quotation. The OTCBB is not an issuer listing service, market or exchange. Although the OTCBB does not have any listing requirements per se, to be eligible for quotation on the OTCBB, issuers must remain current in their filings with the SEC. Market makers will not be permitted to begin quotation of a security whose issuer does not meet this filing requirement. Securities already quoted on the OTCBB that become delinquent in their required filings will be removed

following a 30 or 60 day grace period if they do not make their required filing during that time. If our shares were not quoted on the OTCBB, trading in our shares would be conducted, if at all, in the over-the-counter market. This would make it more difficult for stockholders to dispose of their common stock and more difficult to obtain accurate quotations for our shares. This could have an adverse effect on the price of the common stock.

6. We are not planning to declare a dividend in either cash or shares in the near future.

We are not planning to declare a dividend in either cash or shares in the near future since our policy will be to retain any earnings received for the future exploration of the Standard or any other mineral claims obtained by us. Dividends are only declared by your Director when he feels that surplus funds can be distributed to the shareholders without encroaching upon working capital of our Company.

7. We want to advise our shareholders and future investors that the purchase of shares in our Company involves a high degree of risk.

An investment in the shares of our Company is highly speculative and involves a high degree of risk. For example, the Company is a start-up situation and the failure rate for most start-up companies is high. Any person considering an investment in our shares should be fully aware that they could lose their entire investment.

RISK FACTORS ASSOCIATED WITH STANDARD

1. Our auditors have indicated, in their opinion report, a concern regarding the going concern status of our Company.

The auditors have expressed a concern regarding whether our Company will continue as a going concern if it does not receive adequate financing to meet its obligations. The auditors are indicating there might be substantial doubt regarding our Company's continuation as an operating concern over the next twelve months. If our director is unwilling to advance us some funds to maintain our Company in good standing, there is the possibility that we might cease to be an operating company. As a shareholder of our Company you should read the auditors' report and Note 7 to the audited financial statements included in this Form 10-KSB.

2. We lack an operating history and have accumulated losses, which are expected to continue into the future.

Since inception, we have not realized any revenue to date and have no operating history upon which an evaluation of our future success or failure can be made. The accumulated losses since February 24, 1998 are \$ 142,376. Our ability to achieve and maintain profitability and positive cash flow is dependent upon:

- Our ability to successfully explore the Standard claim;
- Our ability to generate future revenues from a viable ore reserve on the Standard claim; and
- Our ability to reduce our exploration costs in order to increase our profit margins.

As in most mineral claims, the chances of success of identifying and developing an ore reserve are extremely remote. The majority of mining companies never find an ore reserve and therefore are never profitable.

3. Presently we have only four employees and will require additional employees during the exploration of the Standard claim.

We currently only have three employees, the President, E. Del Thachuk, Chief Financial Officer and Chief Accounting Officer, Gordon Brooke and Secretary Treasurer, Maryanne Thachuk. There is a substantial risk we may not have the funds necessary to hire additional employees that would be needed in our future exploration program. We may not be able to maintain the Standard claim in good standing with the Ministry of Energy and Mines for the

Province of British Columbia if we do not have individuals prepared to work during the exploration stage.

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4. Our mineral claim is considered “grass roots” because it has not had adequate exploration work performed on it to identify an ore reserve.

Our mineral claim is considered a “grass roots” claim having no known ore reserves associated with it. In addition, there has, over the years, not been enough exploration work on the claim to determine the extent, if any, of any mineralization. Therefore, there is a good chance our claim might prove to be barren; having no commercial viable mineralization associated with it.

5. We can spend funds on exploration with no assurance we will prove the Standard claim has an ore body associated with it.

No matter how many dollars are spent in the future on the Standard claim, there is no guarantee that such expenditures will result in it being a property of merit; having a proven commercially viable ore reserve on it. We might spend hundreds of thousands of dollars and prove nothing. As more money is required for exploration, the present and future investors will have their share positions diluted without realizing any future benefits from the Standard claim.

6. We may not be able to raise money for exploration when needed due to the prevailing price of gold which is beyond our control.

Even with gold prices having increased over the past year, there is reluctance in the investment community to consider speculative ventures such as exploration companies. With this reluctance, we might find it difficult to raise any money and therefore inhibit any future exploration on the Standard claim. When gold prices are lower, we will have a difficult time to attract money even if we have started to identify gold showings on the Standard claim. The market price of gold is beyond our control and will greatly affect our raising of money.

7. Our Company is a one-property company, which does not allow for exploration of another mineral claim in the event no ore reserve is discovered on the Standard claim.

Our only mineral claim is the Standard claim, which has no known ore reserves on it. Being a one claim company means that if the Standard claim does not prove to have any viable mineral reserves associated with it, there is no other claim which we can immediately explore. Most investors would want to have an investment in a company that has some diversification in its mineral properties to allow for continual operations.

8. Our mineral property, when explored, may not be of economic quality to warrant a decision to go into production.

We might discover an ore reserve which is either too small or the ounces per ton makes it uneconomical to develop. Such a mineral deposit would not enhance the value of the Standard claim and have resulted in money having been spent, which would have proven nothing. No production decision can be made if this is the case. Minerals are only economic to us if they can be sold above the cost of mining them; otherwise, the Standard claim has little or no value.

9. We will have to compete with both large and small mining companies for such things as money, properties of merit, workers and supplies.

In both the United States and Canada, there are many large and small mining companies each trying to explore and, hopefully, eventually developing their mineral properties into a producing mine. We are not in direct conflict with the larger mining companies in North America such as Newmont

Mining Corp., Inco Limited, Barrick Gold Corp. and Teck Cominco Limited, to name a few. These larger companies have the available money to explore their properties and the professional personnel to assist in the exploration process. Unless a major mineral reserve is discovered on the Standard claim, the larger mining companies would have no interest in either developing the claim themselves or joint venturing with us. The competition to us would be from the smaller exploration companies who are competing for money to explore their mineral claims and in hiring professional staff to assist them. There is only a limited amount of money available for exploration as well as professional personnel during the exploration season. We might not be able to attract either the money or professional personnel due to the other smaller exploration companies having more money and better known mineral properties.

10. Weather interruptions in the Province of British Columbia may affect and delay the proposed exploration operations.

The weather in the Province of British Columbia is always uncertain since the annual rainfall, especially in the Bralorne area, can be many inches in the fall and spring months. The winters are marked with below zero temperatures and accumulated snow covers of several feet. The constant rain, during the spring and fall months, will lessen the chances of our exploration crew performing any meaningful work on the Standard claim due to the possibilities of injuries from slippery rock surfaces and the inconvenience of setting up equipment that becomes immediately wet. During the drier summer months, the Ministry of Forestry for the Province of British Columbia might impose bans on exploration to avoid the possibilities of forest fires. With these factors in mind, our exploration season could be reduced substantially and we might not be able to obtain the results we want during our exploration program.

11. The terrain surrounding the Standard claim is rugged and is not conducive to exploration activities.

The terrain surrounding the Standard claim is mountainous and extremely rugged with steep ridges and deep valleys. The exploration crew will find it difficult to explore the entire Standard claim without the use occasionally of a helicopter. Access to the claim during the winter months is virtually impossible due to the heavy snow conditions. Even with snowmobiles, the exploration crew would find it difficult to reach our claim and return to Gold Bridge within one day. It is not an option during the winter to use tent facilities on our claim due to the possibility of snow slides. The terrain has a definite effect on the exploration activities on the Standard claim.

12. We will have to address the environmental concerns in the Bralorne area and adhere to the various Acts legislated to protect the environment.

During the exploration stage, there are few problems with environmental issues in the Province of British Columbia if the exploration work involves mapping, establishment of a grid, soil and rock sampling and some minor drilling. If the exploration program involves work near an existing stream or removal of a substantial amount of overburden and foliage, then permission for the work must be obtained from one of the various Ministries involved in that area of environmental concern. If a production decision is ever made, we will have to adhere to various Acts established by the Provincial Government. Under these Acts the main concerns are wildlife, including fish in streams, and vegetation. The Government does not want exploration activities to cause excessive hardship on the environment and to disfigure our claim for decades to come. It is important to protect wildfire since the area in which our claim is situated has been their natural habitat for centuries. The cost of adhering to these Acts might be too expensive for us and exploration activities might have to be cancelled or delayed until adequate money is available to us to adhere to the requirements of the Acts. At the present time, we have no indication as to what the dollar amount of adherence would be.

13. We are a small Company without much money to devote to a full exploration program on our mineral claim.

The small size of our Company and the present lack of money means a limited exploration program on our claim. Unless adequate money is raised, we will be unable to devote the time necessary to fully explore our claim. With only a limited budget for exploration activities, we will not have many employees to perform the exploration activities on our claim. By limiting our operations, it will take longer to explore the Standard claim. Our shareholders should be aware that it might take a number of years to realize any exploration results from our claim due to the present lack of exploration money.

14. We cannot guarantee the title of our claim since there may be unregistered claims that we are unaware of at this time.

We cannot guarantee absolute title to the Standard claim due to such factors as prior unregistered transactions, native land claims or undetected defects in title. We have taken all the necessary precautions to eliminate any of these elements as far as are reasonably possible. Nevertheless, the future, and especially if and when a production decision is made on the Standard claim, there may be claims which presently we are completely unaware of. We have no way of insuring against such claims and cannot estimate at the present time if there are any elements out there which will effect the title to the minerals on our claim. If there are, this could result in lengthy and costly legal actions, which at the present time we do not have the funds to carry on.

15. At the present time, we will have difficulty in attracting mining personnel who would like to work for a well-funded company having an assortment of mineral properties.

Being a small exploration company with only the Standard claim, we might not be able to attract mining personnel to carry on our exploration activities when needed. Many geologists and workers are drawn to companies which are better funded than us and have several properties which can be worked on at any given time. Once an exploration program is completed on one property the personnel are transferred to another property to commence work on it. This basically guarantees a continual stream of work for exploration personnel. We, at this time, cannot offer workers this form of continual work. To offset this, we might have to hire lesser knowledgeable workers who are prepared to work for several weeks and then become unemployed. Without quality mining personnel, there is no assurance we will be able to obtain the exploration information we require to make future decisions. The quality of our workers should be of concern to our shareholders since they would want to know that there is a possibility of obtaining the best results possible from qualified personnel.

16. We do not carry any insurance policy to protect workers during the exploration stage other than as required by legislation.

Injury to personnel is enhanced due to the effects of weather and the terrain. We have no insurance to cover such hazards to workers on our claim other than Workers' Compensation which is required to be contributed by us for any workers working on our claim. Basically this insurance covers only wages while off work and does not provide for any long-term benefits. We are not prepared to pay the premiums required to obtain accident insurance for the short duration of our exploration program. By not having accident and liability insurance we realize we are subject to lawsuits which, if successful, would impair the working capital of our Company and might render us insolvent.

17. Our Directors do not have experience in hard rock mining and none of the officers are professional geologists.

Our President, Del Thachuk, has mining experience over the past 30 years; mainly in the placer mining through the private ownership of a property in Atlin, British Columbia. In addition, he was the President of Red Fox Minerals Ltd., a company previously listed on the Vancouver Stock Exchange, Canada, ten years ago. His experience in hard rock mining is limited. He does not have any professional training as a mining person and has gained any knowledge he has from a hands on approach to exploration. Gordon Brooke and Maryanne Thachuk have no mining experience and have never been involved in the exploration of a mineral property. To explore our claim, we will have to rely upon mining consultants; an expensive way to explore with no guarantees of favorable results.

18. Our President has interests in another company, which cause him to devote time and effort to their activities resulting in a conflict of interest.

Del Thachuk is also a director and officer of Info-Pro Marketing Inc. ("Info-Pro"), a Nevada incorporated company, which will eventually seek a listing on the OTCBB. Even though Info-Pro is involved in marketing certain books on the Internet under the title of "The Basics of Business Success", Del has a conflict of interest relating to the number of hours he can spend on our Company and Info-Pro. In addition, he will have to raise money for both companies and therefore we have to rely upon his discretion as to what money he will be raising for Info-Pro and what money he will raise for us. We can only hope Del will devote sufficient time to the affairs of our Company and allocate any future money raised so that we will be maintained in good standing and can commence our exploration program on our claim. Even with full disclosure by Del, we cannot insure that we will receive fair and equitable treatment in every transaction.

19. We do not carry a policy for key man insurance, which in the event we wish to replace our management team funds will not be available to do so.

We have not subscribed to a key man insurance policy in the event that our current director and President either departs from our Company or meets an untimely end. There will be no proceeds from insurance to allow us to attract an individual to replace our President and it is unlikely we will have extra money on hand to be allocated for this purpose.

ITEM 2. DESCRIPTION OF PROPERTY

History of the Standard claim

The Standard claim was staked February 24, 1999 after the rights of the previous owners had expired. The claim covers 15.8 square miles located within the Bridge River Gold Camp near the historic Bralorne-Pioneer Mine. The Bralorne-Pioneer Property represents the largest single gold producer in B.C., having produced over 4 million ounces of gold from ore averaging 0.53 oz/ton during the period 1932-1971.

Standard engaged the services of Calvin Church, Professional Geologist, to prepare a geological report on the Standard claim. His report was dated May 27, 1999 and parts of it are noted in this Form 10-KSB. Church's report covers the geology and mineralization in the Bridge River mining camp and potential for discoveries on the Standard claim.

Location, Access and Physiography of the Standard claim

The Standard claim is located approximately 113 miles north of Vancouver and 2.5 miles southeast of the town of Gold Bridge in southwestern British Columbia. The geographical centre of the claim is given by the U.T.M. coordinates 516600E, 5626700N (Lat. 50°47'35"N, Long. 122°45'53"W) on N.T.S. mapsheet 92J/15. The town of Gold Bridge can be accessed by all weather gravel road (highway #40B) from Lillooet or via the Hurley River forestry road from Pemberton. Access to the north end of the claim is by four-wheel drive vehicle up Fergusson Creek to the headwaters above 5,800 feet elevation. Helicopters are available from bases in the towns of Pemberton or Lillooet.

The property is situated near the northwest end of the Bendor Range within the Coast Mountains where steep west facing slopes of Mt. Fergusson range from 5,000 to 8,500 feet. Sub-alpine scrub alder and hemlock trees grow at lower elevations in the southwest corner of the claim and rock exposure is good along peaks and ridges in the east half of the claim. The winters are cold with generally high snowfall accumulations and summers are hot and dry.

Claim Status

The Standard claim was staked by a professional staker and is registered in the Lillooet Mining Division of British Columbia. The claim was then sold to Standard Capital Corporation, of Surrey, B.C., who own the claim outright. Mineral tenure is secure for one year from the date of staking as described below.

Claim Name	Tenure No.	Units	Expiry Date
Standard	367933	18	February 24, 2007

Regional patterns of metal zonation across the eastern flank of the Coast Plutonic Complex divide the camp into gold rich and silver rich deposits related to the proximity with the central plutons (bodies of medium to coarse-grained igneous rock that formed beneath the surface due to the solidification of magma). 'Congress type' mineralization, represented by low gold-silver ratios and antimony rich ores, developed distal to coast granitic intrusives in shear zones and Tertiary porphyry dykes. Mineralization at the Bralorne and Pioneer mines consists of gold and arsenopyrite bearing quartz veins filling in echelon tension fractures in the Bralorne diorite (a group of coarse-grained igneous rocks intermediate in composition between acidic and basic) and Pioneer greenstones. The Standard property is located in a transition zone between gold-arsenic rich and silver-antimony rich zones. Although economic mineralization has not yet been identified on the property, rock samples from the Waterloo show multielement anomalies and significant gold values to warrant further investigation.

An exploration program including reconnaissance mapping, prospecting and geochemical sampling is recommended to determine the extent of the mineralizing system on the Standard claim. Further programs of trenching and drilling are recommended contingent on favorable results of each preceding exploration phase.

Exploration activities undertaken between January 18 to 21, 2002

The Legal Corner Post is located approximately 2 miles southeast of the Village of Bralorne and on the north side of Fergusson Creek. Access to the Standard claim is by snowmobile part way up the Fergusson Creek access trail to the 5,800 feet elevation and approximately 1 mile up Fergusson Creek.

The claim boundary is characterized by extreme topographical conditions. Sub-alpine scrub alder and hemlock trees grow at the creek elevations and rock outcropping exposure is good along peaks and ridges in the east half of the canyon. The winters are cold with generally high snowfall accumulations and summers are hot and dry.

Assessment work for 2002 filed with B.C. Minfile documents the immediate claim area being prospected. Trenching and underground exploration work was completed on adjacent ground. Two zones of mineralization were identified. Assays from these sheared vein structures ranged from 8.7 g/t to 28.2 g/t gold over variable widths of 10 cm to 80 cm.

Exploration activities undertaken between February 2 to 3 and 13 to 14, 2003

The objective of this physical work program was to lay out a sampling grid system in preparation for a geochemical soils sampling program. A budget of approximately \$3,600 Cdn was expended to lay out 2,350 metres of sampling grid. The next step to be taken is to initiate a geochemistry soils program over the entire grid and prospect the ridge for geological structures.

The Standard claim had sufficient work and cash expended on it to maintain it in good standing with the Ministry of Energy and Mines until February 24, 2004.

In 2004 the Company maintained the Standard claim in good standing through the purchase of certain PAC (portable assessment credits) expenses. The Company was able to purchase these credits at 30 cents on the dollar and maintain the claim in good standing for a further year. PAC credits occur when an exploration company does sufficient work on its claim to maintain it in good standing for a maximum of 10 years. Any excess exploration credits are applied to a PAC account and can be used on other properties owned by the company or sold to companies needing assessment work.

In June 2004, William Timmins, P. Eng., wrote a geology report on the Standard claim and proposed a budget for recommended work on the claim. The total proposed expenditures for Phase I are \$25,000 and for Phase II \$50,000 for a total proposed budget of \$75,000. Between September 30, 2004 and November 30, 2004, work was done on the Standard claim in the amount of \$3,600 Canadian plus a \$180 filing fee.

In June and October 2005, a physical work program was conducted by Edward Skoda on the Standard claim. Reconnaissance prospecting determined the Saddle Area, located at the headwaters of the northern tributary of Blackbird Creek, required geophysics to explore below the Moraine Deposits. The services of SJV Geophysics were contracted to conduct magnetic field and very low frequency surveys over the Saddle area. The results of the survey would determine a Phase II diamond drill program. The objective of the physical work program was to determine if any anomalous ground lay below the glacial Moraine Deposits.

The claim is now in good standing until February 24, 2007.

The Company's Main Product

The Company's primary product will be the sale of minerals, both precious and commercial. No minerals have been found to exist on the Standard claim and therefore the possibilities of obtaining a cash flow from the sale of minerals in the future might be remote.

The Company's Exploration Facilities

The Company will be exploring and developing, if warranted, the Standard claim and does not plan to build any mill or smelter. There exists a fully equipped smelter within 5 miles of the Standard claim but it is privately owned and may or may not accept ore from the Company to process. If the Company is unable to obtain a commitment when the claim is proven to have reserves thereon, it might have to transport the ore to other smelters, which are located at great distances from the Standard claim.

During the exploration period, the Company can use tent facilities, during the summer months, to house its geological workers or it can obtain hotel accommodation in either the towns of Gold Bridge or Bralorne.

Investment Policies

The Company does not have an investment policy at this time. Any excess funds it has on hand will be deposited in interest bearing notes such as term deposits or short term money instruments. There are no restrictions on what the director is able to invest or additional funds held by the Company. Presently the Company does not have any excess funds to invest.

ITEM 3. LEGAL PROCEEDINGS

There are no legal proceedings to which Standard is a party or to which its property is subject, nor to the best of management's knowledge are any material legal proceedings contemplated.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

There was an Annual General Meeting on November 18, 2005 where the stockholders re-elected Del Thachuk and Gordon Brooke as directors for the forthcoming year and approved the appointment of Madsen & Associated CPA's, Inc. as the independent auditors.

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

During the past year, there has been no established trading market for Standard's common stock. Since its inception, Standard has not paid any dividends on its common stock, and Standard does not anticipate that it will pay dividends in the foreseeable future. As at August 31, 2006 Standard had 37 shareholders; one of these shareholders is an officer and director of Standard.

The Company, under an Offering Memorandum dated September 5, 2005 accepted subscriptions from 20 investors in the amount of \$49,500 representing 990,000 common shares at a price of \$0.05 per share. These funds have been used as follows:

Payment of outstanding accounts payable:		
Independent auditors	\$10,500	
Office expense	4,115	
Transfer agent fees	4,000	
Previous exploration expenses	2,605	
Consulting fees	3,596	\$24,816
Balance of cash on hand before private placement used for expenses		(103)
Other expenses paid as incurred:		
Consulting fees - preparation of Form SB-2		10,000
Automobile travel expenses paid to the President		991
Travel expenses for Chief Financial Officer		540
Legal opinion for inclusion in Form SB-2		2,500
Assessment work on the Standard claim		3,100
Other exploration expenses		661

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Independent auditors - quarterly reports and other	1,935
Transfer agent fees	1,822
Franchise tax and filing fees	302
Annual general meeting	679
Amount of disbursement from Offering Memorandum	47,243
Less: original amount of private placement	(49,500)
Balance of cash on hand as at August 31, 2006	\$ 2,257

2004 Stock Option Plan

At the Annual General Meeting of Stockholders held on February 20, 2004, the shareholders approved a Stock Option Plan whereby 5,000,000 common shares were set aside for the reasons noted in the following paragraph. The exercise price is the fair market value at the date of granting of the option.

The purposes of this Plan are (i) to retain the services of a management team, qualified employees of the Company and non-employee advisors or consultants; (ii) to retain the services of valued non-employee directors; (iii) to provide these persons with an opportunity to obtain or increase a proprietary interest in the Company, to provide incentives for effective service and high-level performance, to strengthen their incentive to achieve the objectives of the shareholders of the Company; and (iv) to serve as an aid and inducement in the hiring or recruitment of new employees, consultants, non-employee directors and other persons needed for future operations and growth of the Company.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION OVERVIEW

The Company was incorporated on September 24, 1998 under the laws of the State of Delaware. The Company's Articles of Incorporation currently provide that the Company is authorized to issue 200,000,000 shares of common stock, par value \$0.001 per share. The Company has completed one Regulation D offering of 1,295,000 shares of its capital stock for \$3,050. In October and November 2005, the Company issued a further 990,000 common shares at a price of \$0.05 per share for a total consideration of \$49,500. As at August 31, 2006 there were a total of 2,285,000 common shares issued and outstanding.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2006, the Company had cash of \$2,257 and liabilities of \$58,483. The liabilities of \$27,427 owed to general creditors are as follows: \$2,500, internal accountant - \$18,950, edgarizing financial statements and other reports - \$5,490 and other payables - \$420. The amount owed to related parties of \$31,056 is non-interest bearing and has no fixed terms of repayment.

During the year, the Company has incurred the following expenses:

Expenditure		Amount
Accounting and audit	i	\$ 7,935
Annual general meeting	ii	679
Bank charges		210
Consulting fees	iii	10,000
Edgar filings	iv	1,300
Exploration and filing fees	v	3,761
Filing fees and franchise taxes	vi	302
Legal fees	vii	2,500
Management fees	viii	2,400
Office	ix	1,647
Rent	x	1,200
Telephone	xi	600
Transfer agent's fees and interest	xii	1,889
Travel and entertainment	xiii	2,564
Total expenses		\$ 36,987

- i. The Company accrues \$495 in fees to its auditors, Madsen & Associates, CPA's Inc., for the review of its 10-QSBs and \$2,500 for the examination of the Form 10-KSB. In addition, the Company has accrued \$750 each for its November 10-QSB, February and May 10-QSBs; also, \$1,250 has been accrued for this Form 10-KSB in order that the accountant can prepare the applicable working papers and other information to be submitted to the auditors for their review of the Form 10-QSBs and 10-KSBs.
- ii. On November 18, 2005, the Company held its Annual General Meeting. The expense represents meeting room rental charges, coffee and lunch.
- iii. Consulting fees of \$10,000 have been paid for the completion of the Company's SB-2.
- iv. The Company has incurred certain expenses during the year for filing its various Forms 10-QSB and 10-KSB with the SEC. The expense for filing these Forms 10-QSB was \$250 per quarter and the Form 10-KSB is \$400. An additional \$150 was charged for a Notice of Late Filing.
- v. In February 2006, the Company paid \$3,828 Canadian for assessment work on the Standard claim. This expenditure maintained the claim in good standing until February 24, 2007. An additional \$500 US was paid to a consultant to transfer the Standard Claim into Del Thachuk's name. In February 2006 B.C. mining assessment fees of \$180 Canadian were paid.
- vi. The Company has paid annual filing fees to The Company Corporation of \$199. Franchise taxes were paid by the Company to the State of Delaware in the amount of \$86 including interest. Other filing fees of \$18 were paid.
- vii. Legal fees of \$2,500 were paid in October 2005 for the legal opinion to be included in the SB-2.

- viii. The Company does not compensate its directors for the service they perform for the Company since, at the present time it does not have adequate funds to do so. Nevertheless, management realizes that it should give recognition to the services performed by the directors and officers and therefore has accrued \$200 per month. This amount has been expensed in the current period with the offsetting credit being allocated to "Capital in Excess of Par Value" on the balance sheet. The Company will not, in the future, be responsible for paying either cash or shares in settling this accrual.
- ix. Office expenses of \$978 were paid to the Company's directors for expenditures on behalf of the Company. General expenses of \$595 for photocopying, fax and courier were paid. Computer setup expense of \$86 was paid.
- x. The Company does not incur any rental expense since it used the personal residence of its President. Similar to management fees, rent expense should be reflected as an operating expense. Therefore, the Company has accrued \$100 per month as an expense with an offsetting credit to "Capital in Excess of Par Value".
- xi. The Company does not have its own telephone number but uses the telephone number of its President. Similar to management fees and rent, the Company accrues an amount of \$50 per month to represent the charges for telephone with an offsetting entry to "Capital in Excess of Par Value".
- xii. During the period, the Company received its annual billing from Nevada Agency & Trust Company for acting as transfer agent for the year in the amount of \$1,200. In October 2005, the Company incurred stock transfer and issuance fees of \$622. In June 2006 shareholder report fees of \$67 were incurred.
- xiii. Travel and entertainment expenses of \$2,564 were incurred by the directors of the Company.

The Company estimates the following expenses will be required during the next twelve months to meet its obligations:

Expenditures		Requirements For Twelve Months	Current Accounts Payable	Payments from Private Placement	Required Funds for Twelve Months
Accounting and audit	1	\$ 7,500	\$ 21,450	\$ (2,257)	\$ 26,693
Bank charges		200	-	-	200
Edgar filing fees	2	1,150	5,490	-	6,640
Exploration expenses	3	3,100	-	-	3,100
Filing fees and franchise taxes	4	299	-	-	299
Office	5	1,500	420	-	1,920
Transfer agent's fees	6	1,200	67	-	1,267
Travel and entertainment	7	2,500	-	-	2,500
Estimated expenses		\$ 17,699	\$ 27,427	\$ (2,257)	\$ 42,869

No recognition has been given to management fees, rent or telephone since, at the present time, these expenses are not cash oriented.

1. Accounting and auditing expense has been projected as follows:

Filings	Accountant	Auditors	Total
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Form 10-QSB - Nov. 30, 2006	\$ 750	\$ 500	\$ 1,250
Form 10-QSB - Feb 28, 2007	750	500	1,250
Form 10-QSB - May 31, 2007	750	500	1,250
Form 10-KSB - Aug 31, 2007	1,250	2,500	3,750
	\$ 3,500	\$ 4,000	\$ 7,500

2. Edgar filing fees comprise the cost of filing the various Forms 10-KSB and 10-QSB on Edgar. It is estimated the cost for each of the Form 10-QSBs will be \$250 and the cost of filing the 10-KSB will be \$400.
3. To maintain the Standard claim in good standing the Company will incur a cost of Cdn \$200 per unit. The number of units comprising the Standard claim is 18 and therefore, the minimum cost will be \$3,600 Cdn or \$3,100 US.
4. Filing fees for the Company as a registered agent are \$199 per year. Franchise taxes paid to the State of Delaware are \$100.
5. Relates to photocopying and faxing and miscellaneous directors' expenses based on prior year's actual charges.
6. Each year the Company is charged a fee of \$1,200 by its transfer agent to act on its behalf.
7. Travel and entertainment expenses are based on prior year's expenses.

Standard will have to raise funds to settle the balance of the outstanding liabilities if it wishes to continue to operate in the future.

Standard does not expect to purchase or sell any plant or significant equipment during the next year.

Standard does not expect any significant changes in the number of employees.

ITEM 7. FINANCIAL STATEMENTS

The financial statements of Standard are included following the signature page to this Form 10-KSB.

ITEM 8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During the fiscal year ended August 31, 2006 and through the subsequent period to, to the best of Standard's knowledge, there have been no disagreements with Madsen & Associates, CPA's Inc. on any matters of accounting principles or practices, financial statement disclosure, or audit scope procedures, which disagreement if not resolved to the satisfaction of Madsen & Associates, CPA's Inc. would have caused them to make a reference in connection with its report on the financial statements for the year.

ITEM 8A - CONTROLS AND PROCEDURES(a) Evaluation of Disclosure Controls and Procedures

Standard's Chief Executive Officer and its Chief Financial Officer, after evaluating the effectiveness of Standard's controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15d-14(c) as of the date within 90 days of the filing of this annual report on Form 10-KSB (the "Evaluation Date"), have concluded that as of the Evaluation Date, Standard's disclosure controls and procedures were adequate and effective to ensure that material information relating to it would be made known to it by others, particularly during the period in which this annual report on Form 10-KSB was being prepared.

(b) Changes in Internal Controls

There were no significant changes in Standard's internal controls or in other factors that could significantly affect Standard's disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions.

PART 111**ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS;
COMPLIANCE WITH SECTION 16 (a) OF THE EXCHANGE ACT**

The following table sets forth as of August 31, 2006, the name, age, and position of each executive officer and director and the term of office of each director of Standard.

Name	Age	Position Held	Term as Director Since
Del Thachuk	70	President and Director	1998
Maryanne Thachuk	69	Secretary Treasurer	-
B. Gordon Brooke	62	Chief Financial Officer, Chief Accounting Officer and Director	2004

The directors of Standard serve for a term of one year and until their successors are elected at Standard's Annual Shareholders' Meeting and are qualified, subject to removal by Standard's shareholders. Each officer serves, at the pleasure of the Board of Directors, for a term of one year and until his successor is elected at a meeting of the Board of Directors and is qualified.

Alexander Ibsen resigned as Chief Financial Officer and director on June 25, 2005. Gordon Brooke was appointed Chief Financial Officer on the same day.

Set forth below is certain biographical information regarding each of Standard's executive officers and directors.

DEL THACHUK has been the President and a Director of Standard since its inception. Mr. Thachuk graduated from Victoria Composite High School in Edmonton, Alberta before spending nine months articling as a chartered accountant student. Subsequently, Mr. Thachuk worked for two years for the City of Edmonton as a surveyor before entering professional football for four years. He was a player for London Lords in London, Ontario and then was hired by the Edmonton Eskimos. From 1962 to 1969, Mr. Thachuk was owner and president of Civic Tire & Battery Ltd. located in Olds, Alberta. His company owned three tire shops and was in partnership with an additional two. Subsequent to the sale of his company he became a contractor for a short period of time during which time he build and sold five houses and approximately thirty pre-fab homes. In 1971, Mr. Thachuk commenced mining a placer gold property he owned in Atlin, British Columbia. During the fifteen years he mined his placer property he extracted in excess of 30,000 ounces of gold. With the sale of the placer property, Mr. Thachuk, over the next five years, entered into various mining ventures in Nevada, Washington State and British Columbia. During this same period of time, Mr. Thachuk was president of Red Fox Minerals Ltd., a company listed on the former Vancouver Stock Exchange. In 1991, he became part owner and general manager for Koben Sand & Gravel which employed 36 employees and in its third year of operations had in excess of CDN \$6,000,000 in sales. In 1994, Mr. Thachuk became a consultant for various companies until 1997 when he incorporated and became president of Mine A Max Corporation (renamed to Peabody's Coffee Inc.), a company trading on the OTC Bulletin Board in United States. Recently he formed a Nevada company named Info-Pro Marketing Inc. specializing in the distribution of educational books.

MARYANNE THACHUK has been Secretary Treasurer of Standard since its inception. She graduated from Jasper Place Sr. High in Edmonton in 1954 and then obtained a Certified Secretarial Diploma from McTavish Business College. From 1956 to 1960, Maryanne worked for CJCA Broadcasting Station in Edmonton reporting on court cases, sport related events and other news issues. She was the assistant to the Sports and News Director. In 1960, she moved to Vancouver and was employed as Private Secretary to the President of Dueck Motors. In 1962, she moved back to Alberta where she was trained as an In-Service Social Worker with the Alberta Government Department of Public & Child Welfare. In 1964 Maryanne moved back to Vancouver as the Private Secretary for the President of Lindal Cedar Homes. From 1965 to 1988 she worked part time for the President of Delmor Enterprises before becoming one of its directors. In 1988, she became the Personal Secretary to the Board Chairman of the Culinary Foods Division for Canadian Airline. Since 1990, she has been working for the B.C. Government Department of Education (Surrey School District #36) where she has received specialized training in Finance & Administration. In 2001, she retired.

Del or Maryanne Thachuk are not directors of another company registered under the Securities and Exchange Act of 1934 other than Del who was a director and officer of Mine A Max Corporation until May 31, 1999.

Del Thachuk, the President and Director, and Maryanne Thachuk, the Secretary Treasurer, are married to one another.

B. GORDON BROOKE attended Westwood School Secondary School in Paddington, London, England before becoming an articled clerk in 1961 with Roberts White and Company, Chartered Accountants. In 1967, he continued his articles with FF Sharles & Company, Chartered Accountants, as audit manager and supervisor of audits which entailed general audit, accounting, financial statement presentation for small public companies, including such companies as a dairy, a trade stamp company, automobile dealerships, financing companies, engineering, retailer, wholesalers, barristers and solicitors, antique dealers and clothing manufacturers. He had total responsibility for the audit of Michael Manufacturing Limited, a public trading

company. This entailed the preparation of all information in the year-end financial statements and all printed matters for exchange filing and information to be distributed to the shareholders. In 1969, he qualified as a Chartered Accountant for England and Wales and immigrated to Canada where he accepted a position with Deloitte, Haskins and Sells, Chartered Accountants, in Toronto, Canada. His responsibilities included being an audit supervisor for mainly small and large business clients which included such firms as Wickett & Craig- tanners, Canada Dry Inc. - soft drinks, Chromalox Canada - heating systems, Northern Pigments - paints, to name a few. In 1972, he accepted a position as assistant to the chief Financial Officer of Candeco Management Inc. of Toronto where his responsibilities included preparation of monthly and annual financial reporting packages for all subsidiaries including corporate tax returns, preparation of all required audit working papers and complete audit files for all subsidiaries, responsibilities for internal control systems for all operating subsidiaries. In 1974, he became assistant to the chief Financial Officer of Canadian Chromalox Ltd. in Toronto where he undertook the controller functions from time to time and subsequently became the Ant-Inflation Officer for Canadian Chromalox's group of companies where he was responsible for all price increase application to Ottawa. In 1977, with the end of the Anti-Inflation legislation he became an independent financial consultant where he offered the following services: accounting, financial statement presentation, business plans, personal and corporate taxation services, corporate reorganizations and restructurings, prospectus preparation and analysis and public offering advice and service. His client base consisted of such companies as Spectra Anodizing Inc. - anodizing services, Security Mirror Ltd. - mirror manufacturer, Arco Prime Steel Inc. -steel fabricator and many other small businesses as well as a continuing relationship with Canadian Chromalox and its subsidiaries. During this same period of time, Gordon Brooke either owned or was a working shareholder in the following business: Black Swan Investments Inc. 30% shareholder in a pub in Toronto, Octagon Industries Inc. 10% shareholder in a signage company, Reybrooke Housewares - 100% owner in a company licensed with a United Kingdom company for PVC extrusions, Beaver Hill Farm Inc. - 33.3% owner of this company which was a producer of fresh herbs grown under light and sold to over 200 retail outlets in southern Ontario. In 1997 he became financial consultant to Confectionately Yours Inc. a Toronto based company specializing in large fresh baked goods and cereal bar manufacturer. His responsibilities were to serve as an interim controller and prepare business plans. In 1998, he became the unofficial Chief Financial Officer of the company until it was sold in December 2000. In 2001 to the present time, he has been working for Snack Crafters Inc. in Toronto as a financial consultant where his responsibilities have been to prepare business plans, to serve as an interim accountant providing accounting services, preparation of financial statements on a non-audit basis, corporate tax returns and assisting the company in its reorganization and restructuring.

To the knowledge of management, during the past five years, no present or former director, executive officer or person nominated to become a director or an executive officer of Standard:

- (1) filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by the court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filings;
- (2) was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
- (3) was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting, the following activities:
 - (i) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, associated person of any of the foregoing, or as an investment advisor, underwriter, broker or dealer in securities, or as an affiliate person, director or employee of any investment company, or engaging in or continuing any conduct or practice in connection with such activity;

(ii) engaging in any type of business practice; or

(iii) engaging in any activities in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

(4) was the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activities;

(5) was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated.

(6) was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated.

Compliance with Section 16 (a) of the Exchange Act

Standard knows of no director, officer, beneficial owner of more than ten percent of any class of equity securities of Standard registered pursuant to Section 12 (“Reporting Person”) that failed to file any reports required to be furnished pursuant to Section 16(a). Other than those disclosed below, Standard knows of no Reporting Person that failed to file the required reports during the most recent fiscal year.

The following table sets forth as at August 31, 2006, the name and position of each Reporting Person that filed any reports required pursuant to Section 16 (a) during the most recent fiscal year.

Name	Position	Form	Date Report Filed
Del Thachuk	Chief Executive Officer.	3	September 11, 2002
	President and Director	5	November 17, 2003
Maryanne Thachuk	Secretary Treasurer	3	November 21, 2003
B. Gordon Brooke	Chief Financial Officer, Chief Accounting Officer and Director	3	March 5, 2004

ITEM 10. EXECUTIVE COMPENSATION

Cash Compensation

There was no cash compensation paid to any director or executive officer of Standard during the fiscal year ended August 31, 2006.

The following table sets forth compensation paid or accrued by Standard during the fiscal years ended August 31, 2003 to 2006 to Standard's President and CEO, CFO, CAO, Directors and Secretary Treasurer.

Summary Compensation Table (2003-2006)

Long Term Compensation (US Dollars)

(a)	<u>Annual Compensation</u>		<u>Awards</u>		<u>Payouts</u>		
	(b)	(c)	(e)	(f)	(g)	(h)	(i)
Name and Principal position	Year	Salary	Other annual Comp.(\$)	Restricted stock awards (\$)	Options/SAR (#)	LTIP payouts (\$)	All other compensation (\$)
Del Thachuk	2003	-0-	-0-	-0-	-0-	-0-	-0-
Chief Executive Officer, President and Director	2004	-0-	-0-	-0-	-0-	-0-	-0-
	2005	-0-	-0-	-0-	-0-	-0-	-0-
	2006	-0-	-0-	-0-	-0-	-0-	-0-
Maryanne Thachuk	2003	-0-	-0-	-0-	-0-	-0-	-0-
Secretary Treasurer	2004	-0-	-0-	-0-	-0-	-0-	-0-
	2005	-0-	-0-	-0-	-0-	-0-	-0-
	2006	-0-	-0-	-0-	-0-	-0-	-0-
Alexander J. Ibsen	2004	-0-	-0-	-0-	-0-	-0-	-0-
Former Chief Financial Officer and Director	2005	-0-	-0-	-0-	-0-	-0-	-0-
B. Gordon Brooke	2004	-0-	-0-	-0-	-0-	-0-	-0-
Chief Accounting Officer , Chief Financial Officer and Director	2005	-0-	-0-	-0-	-0-	-0-	-0-
	2006	-0-	-0-	-0-	-0-	-0-	-0-

There has been no compensation given to either of the Director or Officers during the periods ended August 31, 2003 to 2006. There are no stock options outstanding as at August 31, 2006, but it is contemplated that the Company may issue stock options in the future to officers, directors, advisers and future employees.

Bonuses and Deferred Compensation

None

Compensation Pursuant to Plans

None

Pension Table

None

Other Compensation

The director has not received any compensation for the time he has devoted to Standard. Nevertheless, Standard does give recognition to the time spent by accruing as an expense each month a charge of \$200 per month as management fees with an offsetting credit to Capital in excess of par value. The amount so accrued will not be paid in either cash or shares to the director in the future.

Compensation of Directors

None

Termination of Employment

There are no compensatory plans or arrangements, including payments to be received from Standard, with respect to any person named in Cash Consideration set out above which would in any way result in payments to any such person because of his resignation, retirement, or other termination of such person's employment with Standard or its subsidiaries, or any change in control of Standard, or a change in the person's responsibilities following a change in control of Standard.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as at August 31, 2006, the name and address and the number of shares of Standard's common stock, with a par value of \$0.001 per share, held of record or beneficially by each person who held of record, or was known by Standard to own beneficially, more than 5% of the issued and outstanding shares of Standard's common stock, and the name and shareholdings of each director and of all officers and directors as a group.

Name and Address of Beneficial Owner	Nature of Ownership (1)	Amount of Beneficial Ownership	Percent of Class
DEL THACHUK 2429 - 128 th Street, Surrey, British Columbia Canada, V4A 3W2	Direct	200,000 (i)	8.75
MARYANNE THACHUK 2429 - 128 th Street, Surrey, British Columbia Canada, V4A 3W2	Direct	20,000(i)	.01
GORDON BROOKE 115 Angelene Street, Mississauga, Ontario Canada, L5G 1X1	Direct	50,000(i)	.02
Director and Officers as a whole	Direct	270,000	8.78

(1) All shares owned directly are owned beneficially and of record, and such shareholder has sole voting, investment and dispositive power, unless otherwise noted.

(2) These shares have been sold but the certificate has not been changed to denote the new owner.

(3) Under Rule 13-d under the Exchange Act, shares not outstanding but subject to options, warrants, rights, conversion privileges pursuant to which such shares may be acquired in the next 60 days are deemed to be outstanding for the purpose of computing the percentage of outstanding shares owned by the persons having such rights, but are not deemed outstanding for the purpose of computing the percentage for such other persons.

(i) This stock is restricted since it was issued in compliance with the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended. After this stock has been held for one year, Mr. Thachuk could sell 1% of the outstanding stock in Standard every three months. Therefore, this stock can be sold after the expiration of one year in compliance with the provisions of Rule 144. There is "stock transfer" instructions placed against this certificate and a legend has been imprinted on the stock certificate itself.

(ii) Michael Thachuk is the son of the President of Standard. He is married and lives in his own home.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Management and Others

Except as indicated below, there were no material transactions, or series of similar transactions, since inception of Standard and during its current fiscal period, or any currently proposed transactions, or series of similar transactions, to which Standard was or is to be a party, in which the amount involved exceeds \$60,000, and in which any director or executive officer, or any security holder who is known by Standard to own of record or beneficially more than 5% of any class of Standard's common stock, or any member of the immediate family of any of the foregoing persons, has an interest.

Indebtedness of Management

There were no material transactions, or series of similar transactions, since the beginning of Standard's last fiscal year, or any currently proposed transactions, or series of similar transactions, to which Standard was or is to be a part, in which the amount involved exceeded \$60,000 and in which any director or executive officer, or any security holder who is known to Standard to own of record or beneficially more than 5% of the common shares of Standard's capital stock, or any member of the immediate family of any of the foregoing persons, has an interest.

Transactions with Promoters

Standard does not have promoters and has no transactions with any promoters.

PART IV**ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K****(a) (1) Financial Statements.**

The following financial statements are included in this report:

Title of Document	Page
Report of Madsen & Associates, CPA's Inc.	30
Balance Sheet as at August 31, 2006	31
Statement of Operations for the years ended August 31, 2006 and 2005 and for the period from September 24, 1998 (Date of Inception) to August 31, 2006	32
Statement in Changes in Stockholders' Equity for the period from September 24, 1998 (Date of Inception) to August 31, 2006	33
Statement of Cash Flows for the years ended August 31, 2006 and 2005 and for the period from September 24, 1998 (Date of Inception) to August 31, 2006	34
Notes to the Financial Statements	35

(a) (2) Financial Statement Schedules

The following financial statement schedules are included as part of this report:

None.

(a) (3) Exhibits

The following exhibits are included as part of this report by reference:

1. Certificate of Incorporation, Articles of Incorporation and By-laws

1.1 Certificate of Incorporation (incorporated by reference from Standard's Registration Statement on Form 10-SB filed on December 6, 1999)

1.2 Articles of Incorporation (incorporated by reference from Standard's Registration Statement on Form 10-SB filed on December 6, 1999)

1.3 By-laws (incorporated by reference from Standard's Registration Statement on Form 10-SB filed on December 6, 1999)

99.1 Certificate Pursuant to Section 301(a) of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer)

99.2 Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.3 Certificate Pursuant to Section 301(a) of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer)

99.1 Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

- Filed on February 13, 2004 and dated February 5, 2004 regarding change of Standard's certifying accountants from Sellers & Andersen LLC to Madsen & Associates, CPA's Inc.

- Filed on February 25, 2004 regarding certain motions approved by the shareholders at the Annual General Meeting of Stockholders.

- Filed on February 25, 2004 and dated December 15, 2002 regarding change of Standard's certifying accountants from Andersen Andersen & Strong, LC to Sellers & Andersen

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

(1) Audit Fees

The aggregate fees billed by the independent accountants for the last two fiscal years for professional services for the audit of Standard's annual financial statements and the review included in Standard's Form 10-QSB and services that are normally provided by the accountants in connection with statutory and regulatory filings or engagements for those fiscal years were \$8,035.

(2) Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of Standard's financial statements and are not reported under Item 9 (e)(1) of Schedule 14A was NIL.

(3) Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountants for tax compliance, tax advise, and tax planning was NIL.

(4) All Other Fees

During the last two fiscal years there were no other fees charged by the principal accountants other than those disclosed in (1) and (3) above.

(5) Audit Committee's Pre-approval Policies

At the present time, there are not sufficient directors, officers and employees involved with Standard to make any pre-approval policies meaningful. Once Standard has elected more directors and appointed directors and non-directors to the Audit Committee it will have meetings and function in a meaningful manner.

(6) Audit hours incurred

The principal accountants did not spend greater than 50 percent of the hours spent on the accounting by Standard's internal accountant.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STANDARD CAPITAL CORPORATION
(Registrant)

By: E. DEL THACHUK

E. Del Thachuk
Chief Executive Officer,
President and Director

October 30, 2006

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in capacities and on the dates indicated.

By: E. DEL THACHUK

E. Del Thachuk
Chief Executive Officer,
President and Director

October 30, 2006

By: B. GORDON BROOKE

B. Gordon Brooke
Chief Accounting Officer,
Chief Financial Officer and Director

October 30, 2006

MADSEN & ASSOCIATES, CPA's INC.

Certified Public Accountants and Business Consultants Board
Telephone 801-268-2632
Fax 801-262-3978

684 East Vine Street, #3
Murray, Utah, 84107

Board of Directors
Standard Capital Corporation
Vancouver B. C. Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying balance sheet of Standard Capital Corporation (pre- exploration stage company) at August 31, 2006, and the statement of operations, stockholders' equity, and cash flows for the years ended August 31, 2006 and 2005 and for the period September 24, 1998 (date of inception) to August 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Standard Capital Corporation at August 31, 2006, and the results of operations, and cash flows for the years ended August 31, 2006 and 2005 and the period September 24, 1998 (date of inception) to August 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company will need additional working capital to service its debt and for its planned activity, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in the notes to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Murray, Utah /s/ "Madsen & Associates, CPA's Inc."
October 28, 2006

STANDARD CAPITAL CORPORATION
(Pre-Exploration Stage Company)
BALANCE SHEET
August 31, 2006

ASSETS	
CURRENT ASSETS	
Cash	\$ 2,257
Total Current Assets	\$ 2,257
LIABILITIES AND STOCKHOLDERS' DEFICIENCY	
CURRENT LIABILITIES	
Accounts payable - related parties	\$ 31,056
Accounts payable	27,427
	58,483
STOCKHOLDERS' DEFICIENCY	
Common Stock	
200,000,000 shares authorized, at \$0.001 par value	
2,285,000 shares issued and outstanding	2,285
Capital in excess of par value	83,865
Deficit accumulated during the pre-exploration stage	(142,376)
Total Stockholders' Deficiency	(56,226)
	\$ 2,257

The accompanying notes are an integral part of these financial statements

STANDARD CAPITAL CORPORATION
(Pre-exploration Stage Company)

STATEMENT OF OPERATIONS

**For the Years Ended August 31, 2006 and 2005 and the Period
September 24, 1998 (Date of Inception) to August 31, 2006**

	Aug 31, 2006	Aug 31, 2005	Sept 24, 1998 to Aug 31, 2006
REVENUES	\$ -	\$ -	\$ -
EXPENSES	36,987	13,105	142,376
NET LOSS	\$ (36,987)	\$ (13,105)	\$ (142,376)
NET LOSS PER COMMON SHARE			
Basic and diluted	\$ (0.02)	\$ (0.01)	
AVERAGE OUTSTANDING SHARES			
Basic	2,203,630	1,295,000	

The accompanying notes are an integral part of these financial statements.

STANDARD CAPITAL CORPORATION
(Pre-Exploration Stage Company)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Period from September 24, 1998 (Date of Inception) to August 31, 2006

	Common Shares	Stock Amount	Capital in Excess of Par Value	Accumulated Deficit
Balance September 24, 1998 (date of inception)	-	\$ -	\$ -	\$ -
Issuance of common shares for cash at \$0.001 - January 11, 1999	1,000,000	1,000	-	-
Issuance of common shares for cash at \$0.001 - February 19, 1999	100,000	100	-	-
Issuance of common shares for cash at \$0.01 - February 15, 1999	195,000	195	1,755	-
Capital contributions - expenses	-	-	4,200	-
Net operating loss for the period from September 24, 1998 to August 31, 1999	-	-	-	(12,976)
Capital contributions - expenses	-	-	4,200	-
Net operating loss for the year ended August 31, 2000	-	-	-	(12,392)
Capital contributions - expenses	-	-	4,200	-
Net operating loss for the year ended August 31, 2001	-	-	-	(13,015)
Capital contributions - expenses	-	-	4,200	-
Net operating loss for the year ended August 31, 2002	-	-	-	(13,502)
Capital contributions	-	-	4,200	-
Net operating loss for the year ended August 31, 2003	-	-	-	(16,219)
Capital contributions	-	-	4,200	-
	-	-	-	(24,180)

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Net operating loss for the year ended August 31, 2004				
Capital contributions	-	-	4,200	-
Net operating loss for the year ended August 31, 2005	-	-	-	(13,105)
Issuance of common shares for cash at \$0.05 - September 30, 2005	990,000	990	48,510	-
Capital contributions	-	-	4,200	-
Net operating loss for the year ended August 31, 2006	-	-	-	(36,987)
Balance, August 31, 2006	2,285,000	2,285	83,865	(142,376)

The accompanying notes are an integral part of these financial statements.

STANDARD CAPITAL CORPORATION
(Pre-Exploration Stage Company)

STATEMENT OF CASH FLOWS

**For the Years ended August 31, 2006 and 2005 and the Period
September 24, 1998 (Date of Inception) to August 31, 2006**

	Aug 31, 2006	Aug 31, 2005	Sept 24, 1998 to Aug 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (36,987)	\$ (13,105)	\$ (142,376)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Change in accounts payable	(17,212)	5,700	27,427
Capital contributions - expenses	4,200	4,200	33,600
Net Change in Cash from Operations	(49,999)	3,205	(81,349)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Advances from related parties	2,653	3,240	31,056
Proceeds from issuance of common stock	49,500	-	52,550
	52,153	3,240	83,606
Net Increase in Cash	2,154	35	2,257
Cash at Beginning of Period	103	68	-
CASH AT END OF PERIOD	\$ 2,257	\$ 103	\$ 2,257
SCHEDULE OF NONCASH OPERATING ACTIVITIES			
Capital contributions - expenses	\$ 4,200	\$ 4,200	\$ 33,600

The accompanying notes are an integral part of these financial statements.

STANDARD CAPITAL CORPORATION
(Pre-Exploration Stage Company)
NOTES TO FINANCIAL STATEMENTS
August 31, 2006

1. ORGANIZATION

The Company was incorporated under the laws of the State of Delaware on September 24, 1998 with the authorized common stock of 25,000,000 shares at \$0.001 par value.

The Company was organized for the purpose of acquiring and developing mineral properties. At the report date mineral claims, with unknown reserves, had been acquired. The Company has not established the existence of a commercially minable ore deposit and therefore has not reached the development stage and is considered to be in the pre-exploration stage (see note 3).

The shareholders, at the Annual General Meeting held on February 20, 2004, approved an amendment to the Certificate of Incorporation whereby the authorized share capital of the Company would be increased from 25,000,000 common shares with a par value of \$0.001 per share to 200,000,000 common shares with a par value of \$0.001 per share.

The Company has completed one Regulation D offering of 1,295,000 shares of its capital stock for \$3,050. In addition, the Company has completed an Offering Memorandum whereby 990,000 common shares were subscribed for at a price of \$0.05 per share for \$49,500.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Methods

The Company recognizes income and expenses based on the accrual method of accounting.

Dividend Policy

The Company has not yet adopted a policy regarding payment of dividends.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws that will be in effect, when the differences are expected to be reversed. An allowance against deferred tax assets is recorded, when it is more likely than not, that such tax benefits will not be realized.

On August 31, 2006, the Company had a net operating loss carry forward of \$142,376. The tax benefit of approximately \$42,700 from the loss carry forward has been fully offset by a valuation reserve because the use of the future tax benefit is doubtful since the Company has no operations. The loss carry forward will expire starting in 2014 through 2026.

STANDARD CAPITAL CORPORATION
(Pre-Exploration Stage Company)
NOTES TO FINANCIAL STATEMENTS
August 31, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Statement of Cash Flows

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Basic and Diluted Net Income (loss) Per Share

Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common and common equivalent shares outstanding as if shares had been issued on the exercise of any common share rights unless the exercise becomes antidilutive and then only the basic per share amounts are shown in the report.

Unproven Mineral Claim Costs

Costs of acquisition, exploration, carrying and retaining unproven properties are expensed as incurred.

Revenue Recognition

Revenue is recognized on the sale and transfer of goods or completion of service.

Advertising and Market Development

The company expenses advertising and market development costs as incurred.

Financial and Concentrations Risk

The Company does not have any concentration or related financial credit risk.

Environmental Requirements

At the report date environmental requirements related to the mineral claim acquired are unknown and therefore an estimate of any future cost cannot be made.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles accepted in the United States of America. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.

STANDARD CAPITAL CORPORATION
(Pre-Exploration Stage Company)
NOTES TO FINANCIAL STATEMENTS
August 31, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments

The carrying amounts of financial instruments, including cash and accounts payable, are considered by management to be their estimated fair value due to their short term maturities.

Recent Accounting Pronouncements

The Company does not expect that the adoption of other recent accounting pronouncements will have a material impact on its financial statements.

3. ACQUISITION OF MINING CLAIMS

The Company acquired one 18 unit metric claim known as the Standard claim located within the Bridge River gold camp near the town of Gold Bridge, 160 kilometres north of Vancouver, British Columbia with an expiration date of February 23, 2007. The claims may be extended for one year by the payment of \$3,780 Cdn or the completion of work on the property of \$3,600 Cdn plus a filing fee of \$180 Cdn.

The claims have not been proven to have commercially recoverable reserves and therefore the acquisition and exploration costs have been expensed.

4. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

On August 31, 2006, officers-directors and their families had acquired 12% of the common capital stock issued, and have made no interest, demand loans of \$31,056 and have made contributions to capital of \$33,600 to the Company in the form of expenses paid for the Company.

5. STOCK OPTION PLAN

At the Annual General Meeting held on February 20, 2004, the shareholders approved a Stock Option Plan (the "Plan") whereby a maximum of 5,000,000 common shares were authorized but unissued to be granted to directors, officers, consultants and non-employees who assisted in the development of the Company. The value of the stock options to be granted under the Plan will be determined on the fair market value of the Company's shares when they are listed on any established stock exchange or a national market system at the closing price as at the date of granting the option. No stock options have been granted under this Plan.

6. CAPITAL STOCK

During October and November 2005 the Company completed a private placement offering of 990,000 common shares for cash of \$49,500.

STANDARD CAPITAL CORPORATION
(Pre-Exploration Stage Company)
NOTES TO FINANCIAL STATEMENTS
August 31, 2006

7.

GOING CONCERN

The Company will need additional working capital to service its debt and to develop the mineral claims acquired, which raises substantial doubt about its ability to continue as a going concern. Continuation of the Company as a going concern is dependent upon obtaining additional working capital and the management of the Company has developed a strategy, which it believes will accomplish this objective through additional equity funding, and long term financing, which will enable the Company to operate for the coming year.

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209,330

205,145

Loss from operations

(96,660

)

(62,886

)

(42,589

)

Other (expense) income:

Interest expense, net

(6,798

)

(9,435

)

(9,074

)

Change in fair value of contingent consideration related to acquisitions

(4,957

)

(649

)

676

Other (expense) income, net

389

887

(1,249

)

Total other expenses

(11,366
)

(9,197
)

(9,647
)

Loss before income taxes

(108,026
)

(72,083
)

(52,236
)

Benefit (provision) for income taxes

16,778

2,313

(406
)

Net loss

\$
(91,248
)

\$
(69,770
)

\$
(52,642
)

Net loss per share:

Basic
\$
(1.07
)

\$
(0.96

)

\$

(0.81

)

Diluted

\$

(1.07

)

\$

(0.96

)

\$

(0.81

)

Weighted average shares outstanding:

Basic

85,115,592

72,824,070

64,882,417

Diluted

85,115,592

72,824,070

64,882,417

See accompanying notes to these consolidated financial statements.

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SPECTRUM PHARMACEUTICALS, INC.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
 (In thousands)

	Year Ended December 31,		
	2017	2016	2015
Net loss	\$(91,248)	\$(69,770)	\$(52,642)
Other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities, net of income tax expense of \$9.7 million, \$2.2 million, and \$0 for the years ended December 31, 2017, 2016, and 2015, respectively (see Note 3(h))	16,039	4,185	(1,429)
Foreign currency translation adjustments	1,539	(445)	(3,040)
Other comprehensive income (loss)	17,578	3,740	(4,469)
Total comprehensive loss	\$(73,670)	\$(66,030)	\$(57,111)
See accompanying notes to these consolidated financial statements.			

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

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock Amount	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance as of January 1, 2015	20	\$ 123	65,969,699	\$ 66	\$ 543,656	\$(850)	\$(288,441)	—\$	—\$ 254,554
Net loss	—	—	—	—	—	—	(52,642)	—	(52,642)
Other comprehensive loss, net	—	—	—	—	—	(4,469)	—	—	(4,469)
Issuance of common stock to 401(k) plan	—	—	179,865	—	1,124	—	—	—	1,124
Issuance of common stock for ESPP	—	—	114,578	—	627	—	—	—	627
Issuance of common stock upon exercise of stock options	—	—	456,082	—	1,482	—	—	—	1,482
Warrant modification	—	—	—	—	568	—	—	—	568
RSA and stock option issuances and forfeitures for terminations, net	—	—	1,613,553	2	12,249	—	—	—	12,251
Repurchase/retirement of RSAs to satisfy employee tax withholding	—	—	(104,842)	—	(638)	—	—	—	(638)
Issuance of common stock for BELEODAQ milestone achievement	—	—	—	—	—	—	—	—	—
Balance as of December 31, 2015	20	\$ 123	68,228,935	\$ 68	\$ 559,068	\$(5,319)	\$(341,083)	—\$	—\$ 212,857
Net loss	—	—	—	—	—	—	(69,770)	—	(69,770)
Other comprehensive income, net	—	—	—	—	—	3,740	—	—	3,740
Issuance of common stock to 401(k) plan	—	—	172,650	—	953	—	—	—	953
Issuance of common stock for ESPP	—	—	150,303	—	668	—	—	—	668
Issuance of common stock upon exercise of stock options	—	—	39,010	—	202	—	—	—	202
RSA and stock option issuances and forfeitures for terminations, net	—	—	868,032	1	12,717	—	—	—	12,718
Repurchase/retirement of RSAs to satisfy employee tax withholding	—	—	(266,860)	—	(1,397)	—	—	—	(1,397)
	—	—	10,890,915	11	73,858	—	—	—	73,869

Common stock issued under an at-market-issuance sales agreement (Note 7)									
Issuance of common stock for ROLONTIS milestone achievement (Note 17(b)(xiii))	—	—	318,750	—	2,308	—	—	—	2,308
Issuance of common stock for QAPZOLA milestone achievement (Note 17(b)(x))	—	—	25,000	—	111	—	—	—	111
Conversion hedge unwind in connection with open market purchases of 2018 Convertible Notes (Note 15)	—	—	—	—	(227	)	—	—	(227
Dividend paid on preferred shares (Note 7)	—	—	—	—	—	—	(6	)	(6
Conversion of preferred shares into common stock (Note 7)	(20	)	(123	)	40,000	—	123	—	—
Balance as of December 31, 2016	—	\$—	80,466,735	\$ 80	\$648,384	\$(1,579	)	\$(410,859)
Net loss	—	—	—	—	—	—	(91,248	)	(91,248
Other comprehensive income, net	—	—	—	—	—	17,578	—	—	17,578
Issuance of common stock to 401(k) plan	—	—	102,874	—	912	—	—	—	912
Issuance of common stock for ESPP	—	—	203,229	—	1,010	—	—	—	1,010
Issuance of common stock upon exercise of stock options, net	—	—	864,897	1	5,477	—	—	—	5,478
RSA and stock option issuances and forfeitures for terminations, net	—	—	548,394	—	13,197	—	—	—	13,197
Repurchase/retirement of RSAs to satisfy employee tax withholding	—	—	(373,822	)	—	(4,331	)	—	(4,331
Issuance of common stock upon vesting of RSUs	—	—	—	—	1,030	—	—	—	1,030
Common stock issued under an at-market-issuance sales agreement (Note 7)	—	—	13,558,132	14	128,258	—	—	—	128,272
Conversion hedge unwind in connection with open market purchases of 2018 Convertible Notes (Note	—	—	5,372,296	5	43,410	—	—	—	43,415

15)
Balance as of December 31, 2017 — \$— 100,742,735 \$ 100 \$837,347 \$ 15,999 \$(502,107) —\$ —\$351,339

See accompanying notes to these consolidated financial statements.

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

	Year Ended December 31,		
	2017	2016	2015
Cash Flows From Operating Activities:			
Net loss	(91,248)	(69,770)	(52,642)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	27,972	26,492	31,869
Stock-based compensation	15,139	13,670	13,941
Accretion of debt discount, recorded to interest expense on 2018 Convertible Notes (Note 15)	4,890	5,710	5,250
Amortization of deferred financing costs, recorded to interest expense on 2018 Convertible Notes (Note 15)	567	696	662
Bad debt (recovery) expense	(17)	57	—
Unrealized foreign currency exchange gain	(23)	(153)	(157)
Loss on 2018 Convertible Note purchase (Note 15)	845	25	—
Change in cash surrender value of corporate owned life insurance	(418)	(137)	—
Income tax recognition on unrealized gain on available-for-sale securities	(9,651)	(2,217)	—
Impairment of intangible assets (Note 3(g))	—	—	7,160
Change in fair value of contingent consideration related to the Talon and EVOMELA acquisitions (Note 10)	4,957	649	(676)
Research and development expense recognized for the value of common stock issued in connection with QAPZOLA (Note 17(b)(x)) and ROLONTIS (Note 17(b)(xiii)) milestone achievements	—	2,419	—
Changes in operating assets and liabilities:			
Accounts receivable, net	7,694	(9,494)	40,245
Other receivables	3,663	6,895	(7,017)
Inventories	4,318	(5,800)	1,863
Prepaid expenses	(6,137)	(423)	(446)
Other assets	1,573	(2,043)	(1,731)
Accounts payable and other accrued obligations	5,518	(4,033)	(28,298)
Accrued payroll and benefits	280	790	(233)
FOLOTYN development liability	(744)	(1,556)	(1,100)
Acquisition-related contingent obligations	—	(1,300)	—
Deferred revenue	593	(2,985)	(3,511)
Deferred tax liabilities	(5,237)	(104)	210
Other long-term liabilities	(3,389)	2,153	1,355
Net cash (used in) provided by operating activities	(38,855)	(40,459)	6,744
Cash Flows From Investing Activities:			
Purchases of property and equipment	(465)	(78)	(223)
Payment for corporate-owned life insurance premiums	(601)	(601)	—
Purchase of equity securities (Note 11)	(15)	—	—
Proceeds from sale of available-for-sale securities	—	—	3,061
Net cash (used in) provided by investing activities	(1,081)	(679)	2,838
Cash Flows From Financing Activities:			
Proceeds from exercise of stock options	5,477	203	1,482

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Proceeds from sale of stock under employee stock purchase plan	1,010	668	627
Purchase and retirement of restricted stock to satisfy employees' tax liability at vesting	(4,331)	(1,397)	(638)
Payment of contingent consideration related to EVOMELA acquisition (Note 10(b))—		(4,700)	—
Proceeds from common shares sold under an at-market-issuance sales agreement (Note 7)	128,272	73,869	—
Purchase of 2018 Convertible Notes (Note 15)	(27,500)	(9,014)	—
Purchase of warrants related to the conversion hedge of 2018 Convertible Notes (Note 15)	(27,189)	(330)	—
Proceeds from sale of call options related to the conversion hedge of 2018 Convertible Notes (Note 15)	32,982	351	—
Dividends paid upon conversion of Series E Convertible Voting Preferred Stock (Note 7)	—	(6)	—
Net cash provided by financing activities	108,721	59,644	1,471
Effect of exchange rates on cash and equivalents	316	(25)	(1,254)
Net increase in cash and cash equivalents	69,101	18,481	9,799
Cash and cash equivalents — beginning of year	158,222	139,741	129,942
Cash and cash equivalents — end of year	\$227,323	\$158,222	\$139,741
Supplemental Disclosure of Cash Flow Information:			
Cash paid for income taxes	\$17	\$11	\$335
Cash paid for interest	\$2,692	\$3,300	\$3,300

See accompanying notes to these consolidated financial statements.

Notes to Consolidated Financial Statements

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

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

(a) Description of Business

Spectrum Pharmaceuticals, Inc. ("Spectrum," the "Company," "we," "our," or "us") is a biotechnology company, with a primary strategy comprised of acquiring, developing, and commercializing a broad and diverse pipeline of clinical and commercial products. We have an in-house clinical development organization with regulatory and data management capabilities, a commercial infrastructure, and a field sales force for our marketed products. Currently, we have six approved oncology/hematology products (FUSILEV, FOLOTYN, ZEVALIN, MARQIBO, BELEODAQ, and EVOMELA) that target different types of non-Hodgkin's lymphoma ("NHL"), advanced metastatic colorectal cancer ("mCRC"), acute lymphoblastic leukemia ("ALL"), and multiple myeloma ("MM").

We also have three drugs in mid-to-late stage development (in Phase 2 or Phase 3 clinical trials):

POZIOTINIB, a novel pan-HER inhibitor used in the treatment of patients with a variety of solid tumors, including breast and lung cancer.

ROLONTIS (formerly referred to as SPI-2012 or LAPS-G-CSF) for chemotherapy-induced neutropenia.

QAPZOLA (formerly referred to as APAZQUONE) for immediate intravesical instillation in post-transurethral resection of bladder tumors in patients with non-muscle invasive bladder cancer, or ("NMIBC").

(b) Basis of Presentation

Principles of Consolidation

The accompanying Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and with the rules and regulations of the Securities and Exchange Commission ("SEC"). These financial statements include the financial position, results of operations, and cash flows of Spectrum and its subsidiaries, all of which are wholly-owned (except for Spectrum Pharma Canada ("SPC")), as discussed below. All inter-company accounts and transactions among these legal entities have been eliminated in consolidation.

Variable Interest Entity

We own fifty-percent of SPC, a legal entity organized in Quebec, Canada in January 2008. Some of our clinical studies are conducted through this "variable interest entity" (as defined under applicable GAAP). We fund all of SPC's operating costs, and since we assume all risks and rewards for this entity, we meet the GAAP criteria as being its "primary beneficiary." Accordingly, SPC's balance sheets and statements of operations are included in our Consolidated Financial Statements as if it were a wholly-owned subsidiary for all periods presented.

(c) Operating Segment

We operate in one reportable operating segment that is focused exclusively on developing and commercializing oncology and hematology drug products. For the years ended December 31, 2017, 2016, and 2015, all of our revenue and related expenses were solely attributable to these activities. Substantially all of our assets (excluding our cash held in certain foreign bank accounts and our ZEVALIN distribution rights for the ex-U.S. territory) are held in the U.S.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires our management to make informed estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. However, actual values may materially differ, since estimates are inherently uncertain. On an on-going basis, our management evaluates its estimates and assumptions, including those related to (i) gross-to-net revenue adjustments; (ii) the timing of revenue recognition; (iii) the collectability of customer accounts; (iv) whether the cost of our inventories can be recovered; (v) the recoverability of our reported goodwill and intangible assets; (vi) the realization of our tax assets and estimates of our tax liabilities; (vii) the likelihood of payment and value of contingent liabilities; (viii) the fair value of our investments; (ix) the valuation of our stock options and the periodic expense recognition of stock-based compensation; and (x) the potential outcome of our ongoing or threatened litigation.

Notes to Consolidated Financial Statements

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

The estimates and assumptions that most significantly impact the presented amounts within these Consolidated Financial Statements are further described below:

(i) Revenue Recognition

(a) Product Sales: We sell our products to wholesalers/distributors (i.e., our customers), except for our U.S. sales of ZEVALIN in which case the end-user (i.e., clinic or hospital) is our customer. Our wholesalers /distributors in turn sell our products directly to clinics, hospitals, and private oncology-based practices. Revenue from product sales is recognized when title and risk of loss have transferred to our customer, and the following additional criteria are met:

- (1) appropriate evidence of a binding arrangement exists with our customer;
- (2) price is substantially fixed or determinable;
- (3) collection from our customer is reasonably assured;
- (4) our customer's obligation to pay us is not contingent on resale of the product;
- (5) we do not have significant continued performance obligations to our customer; and
- (6) we have a reasonable basis to estimate returns.

Our gross revenue is reduced by our gross-to-net ("GTN") estimates each period, resulting in our reported "product sales, net" in the accompanying Consolidated Statements of Operations. We defer revenue recognition in full if these estimates are not reasonably determinable at the time of sale. These estimates are based upon information received from external sources (such as written or oral information obtained from our customers with respect to their period-end inventory levels and their sales to end-users during the period), in combination with management's informed judgments. Due to the inherent uncertainty of estimates, the actual amount we incur may be materially different than our GTN estimates, and require prospective revenue adjustments in periods after the initial sale was recorded.

Our GTN estimates are comprised of the following categories:

Product Returns Allowances: Our FUSILEV, MARQIBO, and BELEODAQ customers are permitted to return purchased products beginning at its expiration date and within six months thereafter. Our EVOMELA customers are permitted to return purchased product beginning at six months prior to its expiration date, and within 12 months thereafter (as well as for overstock inventory, as determined by end-users). Returned product is generally destroyed and not resold. Returns outside of the above-referenced criteria or for expiry of ZEVALIN and FOLOTYN are not contractually, or customarily, allowed. We estimate expected product returns for our allowance based on our historical return rates.

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

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

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

Medicaid Rebates: Our products are subject to state government-managed Medicaid programs, whereby rebates are issued to participating state governments. These rebates arise when a patient treated with our product is covered under Medicaid, resulting in a discounted price for our product under the applicable Medicaid program. Our Medicaid rebate

accrual calculations require us to project the magnitude of our sales, by state, that will be subject to these rebates. There is a significant time lag in us receiving rebate notices from each state (generally several months or longer after our sale is recognized). Our estimates are based on our historical claim levels by state, as supplemented by management's judgment.

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Notes to Consolidated Financial Statements

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

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

(b) License Fees: Our out-license arrangements with licensees for their limited rights to market our product(s) may include one or more of the following forms of consideration: (a) upfront license fees, (b) royalties from our licensees' sales, (c) milestone receipts from our licensees' sales, and (d) milestone receipts upon regulatory achievements by us or our licensees. We recognize revenue from these categories based on the contractual terms that establish the legal rights and obligations between us and our licensees. We complete the following steps in determining the dollar amount and timing of revenue recognition from our license fees:

(i) We first assess the number of "units of accounting" for the elements in our out-license arrangements in accordance with multiple element arrangement guidance. We consider if elements (deliverables) have standalone value, and if standalone value does not exist for a deliverable, it is combined (as applicable) with other deliverables until the "bundle" has standalone value (as a single unit of accounting).

(ii) Next, we allocate arrangement consideration among the separate units of accounting (using the "relative selling price method").

(iii) Finally, we evaluate the timing of revenue recognition, which is impacted by the nature of the consideration to which we are entitled, as follows:

Upfront license fees: We consider whether upfront license fees are earned (i.e., realized) at the time of contract execution (i.e., when the license rights transfer to the customer) or over the actual (or implied) contractual term of the out-license. We give specific consideration to whether we have any on-going contractual service obligations to (a) the licensee, including any requirements for us to provide on-going support services, and/or for us to supply drug products for the licensee's future sales. As a result, we may either recognize all upfront license fees as revenue in the period of contract execution, or recognize these fees over the actual (or implied) contractual term of the out-license.

Royalties: We recognize revenue in the period that our licensees report product sales to us in their territory for (b) which we are contractually entitled to a percentage-based royalty receipt (i.e., representing the period when earned and realizable).

Sales milestones: We recognize revenue in the period that our licensees report achievement of annual or aggregate (c) product sales levels in their territories for which we are contractually entitled to a specified lump-sum receipt (i.e., representing the period when earned and realizable).

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

When our licensee is responsible for the achievement of the regulatory milestone (and we have no on-going obligations), we recognize this revenue in the period that our product achieves specified regulatory approvals for which we are contractually entitled to a fixed receipt (i.e., representing the period when earned and realizable).

When we are responsible for the achievement of the regulatory milestone, we recognize this revenue in the period that our product achieves specified regulatory approvals for which we are contractually entitled to a fixed receipt. Regulatory approvals by governmental agencies are inherently uncertain, and require our substantial cost and effort in completing our submission for potential approval. Therefore, these regulatory milestones are “substantive” and these fixed receipts remain at-risk (i.e. unearned and unrealizable) until the period of achievement. We believe the amounts we are entitled to receive upon our achievement relates solely to our past performance and is commensurate with either (i) our performance in achieving the milestone, or (ii) the resulting enhancement in value of the drug compound.

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Notes to Consolidated Financial Statements

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

(c) Service Revenue: We receive fees under certain arrangements for (a) sales and marketing services, (b) supply chain services (c) research and development services, and (d) clinical trial management services. Payment for these services may be triggered by (i) an established fixed-fee schedule, (ii) the completion of product delivery in our capacity as a procurement agent, (iii) the successful completion of a phase of development, (iv) favorable results from a clinical trial, and/or (v) regulatory approval events.

We consider whether revenue associated with these service arrangements is “realizable and earned” each reporting period, based on our completed services or deliverables during the reporting period, and the contractual terms of the arrangement (which typically includes fee schedules). For any/all milestone achievements in the reporting period that contractually result in fixed payments due to us, we apply the “milestone method” of revenue recognition. Accordingly, this revenue recognition occurs as each “substantive” milestone (as discussed below) is achieved by us, since (1) all contingencies associated with each milestone is resolved upon its achievement, (2) the milestone achievement relates solely to our past performance, and (3) no remaining milestone performance obligations exist in relation to our receipt of payment.

In recognizing revenue under the milestone method, we first assess the number of “units of accounting” in the arrangement. We consider if the separate “deliverable” has standalone value to our licensee, and if standalone value does not exist for a deliverable, it is combined with other deliverables until the "bundle" has standalone value. The allocation of arrangement consideration and the recognition of revenue is determined for those combined deliverables as a single unit of accounting. This includes allocation of consideration associated with milestones achieved by our licensees.

Next, we measure and allocate arrangement consideration among the separate units of accounting. This fixed or determinable consideration is allocated to the units of accounting using the "relative selling price method". Variable fees subsequently earned (other than substantive milestone payments) are allocated to the units of accounting on the same basis.

We determine whether the milestone is substantive by considering (i) the extent of our effort to achieve the milestone and/or the enhancement of the value of the delivered item(s) as a result of milestone achievement, (ii) whether the milestone achievement relates solely to our past performance, and (iii) if the milestone payment is reasonable relative to all of the deliverables and payment terms (including other potential milestone consideration) within the arrangement.

For service contracts without milestones, we recognize revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) services have been rendered, (iii) fees are fixed or determinable, and (iv) collectability is reasonably assured.

(d) New Revenue Recognition Standard: ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), is effective for us beginning January 1, 2018. This new accounting standard requires that we recognize revenue in a manner that reasonably reflects the delivery of our goods or services to customers in return for expected consideration. To achieve this core principle, ASU 2014-09 provides the following steps in evaluating revenue arrangements: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

We have completed our evaluation of this new revenue standard, including (i) the impact on the value and timing of our revenue recognition for product sales, out-license arrangements, and service arrangements, and (ii) the financial reporting transition requirements for adoption on January 1, 2018. We will apply the "modified retrospective" transition method for open contracts to implement ASU 2014-09. This will result in the recognition of an aggregate \$4.7 million increase to our January 1, 2018 retained earnings for the tax-effected cumulative effect of initially applying this new standard, with our prior period results not being recast. We will include expanded revenue footnote disclosure requirements under this new standard beginning with our Form 10-Q for the period ending March 31, 2018.

We believe the adoption of ASU 2014-09 will not materially change our future revenue recognition for product sales and out-license arrangements, as compared to our current revenue recognition practices under the existing standard. We presently have no active service arrangements, though this new accounting standard would not have materially affected historical revenue accounting practices.

(ii) Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits and highly liquid investments with maturities of three months or less from the purchase date.

Notes to Consolidated Financial Statements

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

(iii) Marketable Securities

Our marketable securities consist of our holdings in mutual funds and bank certificates of deposit ("Bank CDs"). Since we classify these securities as "available-for-sale" under applicable GAAP, any unrealized gains or losses from their change in value is reflected in "unrealized gain (loss) on available-for-sale securities" on the accompanying Consolidated Statements of Comprehensive Loss. Realized gains and losses on available-for-sale securities are included in "other income (expense), net" on the accompanying Consolidated Statements of Operations.

(iv) Accounts Receivable

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

(v) Inventories

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

Manufacturing costs of drug products that are pending U.S. Food and Drug Administration ("FDA") approval are expensed through "research and development," on the accompanying Consolidated Statements of Operations (rather than being capitalized to "inventories").

(vi) Property and Equipment

Our property and equipment is stated at historical cost, and is depreciated on a straight-line basis over an estimated useful life that corresponds with its designated asset category. We evaluate the recoverability of "long-lived assets" (which includes property and equipment) whenever events or changes in circumstances in our business indicate that the asset's carrying amount may not be recoverable through our on-going operations.

(vii) Goodwill and Intangible Assets

Our goodwill represents the excess of our business acquisition cost over the estimated fair value of the net assets acquired in the corresponding transaction. Goodwill has an indefinite accounting life and is therefore not amortized. Instead, goodwill is evaluated for impairment on an annual basis (as of each October 1st), unless we identify impairment indicators that would require earlier testing.

We evaluate the recoverability of indefinite-lived intangible assets at least annually, or whenever events or changes in our business indicate that an intangible asset's (whether indefinite or definite-lived) carrying amount may not be recoverable. Such circumstances could include, but are not limited to the following:

- (a) a significant decrease in the market value of an asset;
 - (b) a significant adverse change in the extent or manner in which an asset is used; or
 - (c) an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset.
- Intangible assets with finite useful lives are amortized over their estimated useful lives on a straight-line basis. We review these assets for potential impairment if/when facts or circumstances suggest that the carrying value of these assets may not be recoverable.

(viii) Stock-Based Compensation

Stock-based compensation expense for equity awards granted to our employees and members of our Board of Directors is recognized on a straight-line basis over each award's vesting period. Recognized compensation expense is net of an estimated forfeiture rate, representing the percentage of awards that are expected to be forfeited prior to vesting, though is ultimately adjusted for actual forfeitures. We use the Black-Scholes option pricing model to

determine the fair value of stock options (as of

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Notes to Consolidated Financial Statements

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

the date of grant) which carry service conditions for vesting, through recognized expense is ultimately adjusted for actual forfeitures. We use the Monte Carlo valuation model to value equity awards (as of the date of grant) which carry combined market conditions and service conditions for vesting.

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

We estimate forfeiture rates based on our employees' overall forfeiture history, which we believe will be representative of future results. We estimate the expected term of stock options granted based on our employees' historical exercise patterns, which we believe will be representative of their future behavior. We estimate the volatility of our common stock on the date of grant based on historical volatility of our common stock for a look-back period that corresponds with the expected term. We estimate the risk-free interest rate based upon the U.S. Treasury yields in effect at award grant, for a period equaling the expected term of the stock option.

(ix) Foreign Currency Translation

We translate the assets and liabilities of our foreign subsidiaries that are stated in their functional currencies (i.e., local operating currencies), to U.S. dollars at the rates of exchange in effect at the reported balance sheet date. Revenues and expenses are translated using the monthly average exchange rates during the reported period. Unrealized gains and losses from the translation of our subsidiaries' financial statements (that are initially denominated in the corresponding functional currency) are included as a separate component of "accumulated other comprehensive income (loss)" in the accompanying Consolidated Balance Sheets.

We record foreign currency transactions, when initially denominated in a currency other than the respective functional currency of our subsidiary, at the prevailing exchange rate on the date of the transaction. Resulting unrealized foreign exchange gains and losses from transactions with third parties are included in "accumulated other comprehensive income (loss)" in the accompanying Consolidated Balance Sheets.

Beginning April 1, 2015, all unrealized foreign exchange gains and losses associated with our intercompany loans are included in "accumulated other comprehensive income (loss)" in the accompanying Consolidated Balance Sheets, as these loans with our foreign subsidiaries are not expected to be settled in the "foreseeable future."

(x) Basic and Diluted Net Loss per Share

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

(xi) Income Taxes

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

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

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

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Notes to Consolidated Financial Statements

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

(xii) Research and Development Costs

Our research and development costs are expensed as incurred, or as certain milestone payments become due, which are generally triggered by contractual clinical or regulatory events.

(xiii) Fair Value Measurements

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

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

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

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

3. BALANCE SHEET ACCOUNT DETAIL

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

(a) Cash and Cash Equivalents and Marketable Securities

As of December 31, 2017 and December 31, 2016, our holdings included in “cash and cash equivalents” and “marketable securities” were at major financial institutions.

Our investment policy requires that investments in marketable securities be in only highly-rated instruments, which are primarily U.S. treasury bills or U.S. treasury-backed securities, and limited investments in securities of any single issuer. We maintain cash balances in excess of federally insured limits with reputable financial institutions. To a limited degree, the Federal Deposit Insurance Corporation (“FDIC”) and other 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 in our portfolio by investing in highly liquid, highly rated instruments, and limit investing in long-term maturity instruments.

The carrying amount of our equity securities, money market funds, Bank CDs, and mutual funds approximates their fair value (utilizing “Level 1” or “Level 2” inputs – see Note 2 (xiii)) because of our ability to immediately convert these instruments into cash with minimal expected change in value.

The following is a summary of our presented “cash and cash equivalents” and “marketable securities”:

Notes to Consolidated Financial Statements

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

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and equivalents	Marketable Securities Current
December 31, 2017						
Bank deposits	\$ 10,965	\$ —	—\$	—\$ 10,965	\$ 10,965	\$ —
Money market funds	216,358	—	—	216,358	216,358	—
Bank certificate of deposits	248	—	—	248	—	248
Total cash and cash equivalents and marketable securities	\$ 227,571	\$ —	—\$	—\$ 227,571	\$ 227,323	\$ 248
December 31, 2016						
Bank deposits	\$ 23,915	\$ —	—\$	—\$ 23,915	\$ 23,915	\$ —
Money market funds	128,563	—	—	128,563	128,563	—
Bank certificate of deposits	5,991	—	—	5,991	5,744	247
Total cash and cash equivalents and marketable securities	\$ 158,469	\$ —	—\$	—\$ 158,469	\$ 158,222	\$ 247

As of December 31, 2017, none of these securities had been in a continuous unrealized loss position longer than one year.

(b) Property and Equipment, Net of Accumulated Depreciation

“Property and equipment, net of accumulated depreciation” consist of the following:

	December 31,	
	2017	2016
Computers hardware and software	\$ 2,994	\$ 2,550
Laboratory equipment	630	622
Office furniture	218	211
Leasehold improvements	2,938	2,912
Property and equipment, at cost	6,780	6,295
(Less): Accumulated depreciation	(6,191)	(5,846)
Property and equipment, net of accumulated depreciation	\$ 589	\$ 449

Depreciation expense (included within “total operating costs and expenses” in the accompanying Consolidated Statements of Operations) for the years ended December 31, 2017, 2016, and 2015 was \$0.3 million, \$0.5 million, and \$0.7 million, respectively.

In February 2016, the FASB issued ASU 2016-02, which creates Topic 842, Leases under the FASB Accounting Standards Codification, and which will supersede Topic 840, Leases. ASU 2016-02 is effective for us beginning January 1, 2019, and mandates a "modified retrospective" transition method. This new standard requires lease assets and lease liabilities (including for operating leases) to be presented on the balance sheet at their "gross amount" and requires additional disclosures regarding lease arrangements. We are currently assessing the impact this guidance will have on our consolidated financial statements, though we currently do not expect it to be significant. We presently do not have any capital lease arrangements, but have several operating lease agreements; these lease agreements primarily relate to our principal executive office in Henderson, Nevada and our administrative and research and development facility in Irvine, California.

(c) Inventories

“Inventories” consist of the following:

Notes to Consolidated Financial Statements

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

	December 31,	
	2017	2016
Raw materials	\$1,077	\$2,991
Work-in-process	2,551	7,838
Finished goods	5,187	2,305
(Less:) Non-current portion of inventories included within "other assets" *	(3,100)	(4,419)
Inventories	\$5,715	\$8,715

* The "non-current" portion of inventories is presented within "other assets" in the accompanying Consolidated Balance Sheets at December 31, 2017 and 2016, respectively. This value of \$3.1 million at December 31, 2017 represents product that we expect to sell beyond December 31, 2018.

(d) Accounts receivables, Net of Allowance for Doubtful Accounts

"Accounts receivables, net of allowance for doubtful accounts" consists of trade receivables from our customers. We are exposed to credit risk associated with trade receivables that result from these product sales. We do not require collateral or deposits from our customers due to our assessment of their creditworthiness and our long-standing relationship with them. We maintain reserves for potential bad debt, though credit losses have historically been nominal and within management's expectations. A summary of our customers that represent 10% or more of our accounts receivables as of December 31, 2017 and 2016, are as follows:

	December 31,			
	2017		2016	
McKesson Corporation and its affiliates	\$11,186	34.7 %	\$10,395	26.1 %
Cardinal Health, Inc. and its affiliates	9,514	29.5 %	13,147	33.0 %
AmerisourceBergen Corporation, and its affiliates	7,175	22.2 %	13,470	33.9 %
All other customers	4,385	13.6 %	2,770	7.0 %
Total Accounts Receivables, net	\$32,260	100.0%	\$39,782	100.0%

(e) Prepaid Expenses and Other Assets

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

	December 31,	
	2017	2016
Prepaid insurance	\$645	\$721
Research and development supplies	1,883	1,458
Other miscellaneous prepaid operating expenses	3,389	1,751
Key employee life insurance – cash surrender value	\$4,150	\$—
Prepaid expenses and other assets	\$10,067	\$3,930

(f) Other Receivables

"Other receivables" consist of the following:

Notes to Consolidated Financial Statements

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

	December 31, 2017	2016
Other miscellaneous receivables*	1,152	239
Income tax receivable	665	1,388
Reimbursements due from development partners for incurred research and development expenses	263	1,796
Insurance receivable	53	500
Receivable for contracted sales and marketing services (Note 14)	—	1,831
Other receivables	\$ 2,133	\$ 5,754

* As of December 31, 2017, this balance is inclusive of \$0.4 million of Medicaid rebate credits to be applied against future invoices for each respective state program, and \$0.4 million of royalty receivables from Mundipharma for sales of ZEVALIN in Japan.

(g) Intangible Assets and Goodwill

“Intangible assets, net of accumulated amortization and impairment charges” consist of the following:

	December 31, 2017					Full	Remaining
	Historical Cost	Accumulated Amortization	Foreign Currency Translation	Impairment	Net Amount	Amortization Period (months)	Amortization Period (months)
MARQIBO IPR&D (NHL and other novel indications)	\$ 17,600	\$—	\$—	\$—	\$ 17,600	n/a	n/a
EVOMELA distribution rights (1)	7,700	(1,037)	—	—	6,663	156	135
BELEODAQ distribution rights	25,000	(6,563)	—	—	18,437	160	118
MARQIBO distribution rights	26,900	(17,182)	—	—	9,718	81	27
FOLOTYN distribution rights (2)	118,400	(54,111)	—	—	64,289	152	59
ZEVALIN distribution rights U.S.	41,900	(37,557)	—	—	4,343	123	15
ZEVALIN distribution rights Ex-U.S.	23,490	(17,232)	(2,471)	—	3,787	96	27
FUSILEV distribution rights (3)	16,778	(9,618)	—	(7,160)	—	56	0
FOLOTYN out-license (4)	27,900	(14,555)	—	(1,023)	12,322	110	55
Total intangible assets	\$ 305,668	\$ (157,855)	\$ (2,471)	\$ (8,183)	\$ 137,159		

The FDA approval of EVOMELA in March 2016 triggered a \$6 million payment due to CyDex Pharmaceuticals, Inc. ("Cydex"), a wholly-owned subsidiary of Ligand Pharmaceuticals Incorporated ("Ligand"). This event also (1) resulted in a reclassification of our \$7.7 million "EVOMELA IPR&D" to "EVOMELA distribution rights" due to our ability to begin its commercialization with this FDA approval. Amortization commenced on April 1, 2016, in accordance with our capitalization policy for intangible assets.

Beginning June 2016, we adjusted the amortization period of our FOLOTYN distribution rights to November 2022 (2) from March 2025, representing the period through which we expect to have patent protection from generic competition.

On February 20, 2015, the U.S. District Court for the District of Nevada found the patent covering FUSILEV to be invalid, which was upheld on appeal. On April 24, 2015, Sandoz began to commercialize a generic version of (3) FUSILEV. This represented a "triggering event" under applicable GAAP in evaluating the value of our FUSILEV distribution rights as of March 31, 2015, resulting in a \$7.2 million impairment charge (non-cash) in the first quarter of 2015. We accelerated amortization expense recognition for the remaining net book value of FUSILEV distribution rights.

(4) On May 29, 2013, we amended our FOLOTYN collaboration agreement with Mundipharma. As a result of the amendment, Europe and Turkey were excluded from Mundipharma's commercialization territory, and their royalty

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rates and milestone payments to us were modified. This constituted a change under which we originally valued the FOLOTYN out-license as part of business combination accounting, resulting in an impairment charge (non-cash) of \$1.0 million resulted from this amendment.

Our annual impairment evaluation (as of October 1st) of our indefinite-lived intangible assets was completed by our management, with no resulting impairment.

	December 31, 2016				
	Historical Cost	Accumulated Amortization	Foreign Currency Translation	Impairment	Net Amount
MARQIBO IPR&D (NHL and other novel indications)	\$17,600	\$—	\$—	\$—	\$17,600
EVOMELA IPR&D	7,700	(444)	—	—	7,256
BELEODAQ distribution rights	25,000	(4,688)	—	—	20,312
MARQIBO distribution rights	26,900	(12,863)	—	—	14,037
FOLOTYN distribution rights	118,400	(41,036)	—	—	77,364
ZEVALIN distribution rights – U.S.	41,900	(34,083)	—	—	7,817
ZEVALIN distribution rights – Ex-U.S.	23,490	(13,649)	(5,038)	—	4,803
FUSILEV distribution rights	16,778	(9,618)	—	(7,160)	—
FOLOTYN out-license	27,900	(11,832)	—	(1,023)	15,045
Total intangible assets	\$305,668	\$(128,213)	\$ (5,038)	\$ (8,183)	\$ 164,234

Intangible asset amortization and impairment expense recognized in 2017, 2016, and 2015, was \$27.6 million, \$25.9 million, and \$38.3 million, respectively.

Estimated intangible asset amortization expense for the five succeeding years and thereafter is as follows:

Years Ending December 31,

2018	\$27,743
2019	25,137
2020	19,767
2021	18,266
2022	15,882
2023 and thereafter	12,764
	\$119,559

“Goodwill” is comprised of the following:

	December 31,	
	2017	2016
Acquisition of Talon (MARQIBO rights)	\$10,526	\$10,526
Acquisition of ZEVALIN Ex-U.S. distribution rights	2,525	2,525
Acquisition of Allos (FOLOTYN rights)	5,346	5,346
Foreign currency exchange translation effects	(235)	(511)
Goodwill	\$18,162	\$17,886

(h) Other Assets

“Other assets” are comprised of the following:

Notes to Consolidated Financial Statements

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

	December 31,	
	2017	2016
Equity securities (see Note 11)*	\$37,530	\$11,533
Promissory note receivable - long term (see Note 11)	1,517	1,510
Income tax receivable**	668	—
Research & development supplies and other	231	224
Key employee life insurance – cash surrender value	10,737	11,863
Inventories - non-current portion	3,100	4,419
Other assets	\$53,783	\$29,549

* These CASI equity securities (see Note 11) were excluded from “marketable securities” (see Note 3(a)) due to our intent to hold them for at least one year beyond December 31, 2017. The unrealized gain on these “available-for-sale” equity securities are recognized as an increase to “other assets” and “accumulated deficit” (as a component of “other comprehensive income (loss)”) within the Consolidated Balance Sheets, and totaled \$16.0 million, net of income tax, for the year ended December 31, 2017. Effective January 1, 2018, under the new requirements of ASU 2016-01, Recognition and Measurement of Financial Assets and Liabilities, we will recognize our unrealized holding gains and losses on our “available-for-sale” equity securities within “other (expense) income” on the Consolidated Statement of Operations (rather than through “other comprehensive income (loss)”) on the Consolidated Statements of Comprehensive Loss).

** This value represents the non-current portion of the refundable alternative minimum tax credit that is expected over the next few years.

(i) Accounts Payable and Other Accrued Liabilities

“Accounts payable and other accrued liabilities” are comprised of the following:

	December 31,	
	2017	2016
Trade accounts payable and other accrued liabilities	\$33,648	\$30,488
Accrued rebates	7,990	8,350
Accrued product royalty	4,339	4,723
Allowance for returns	4,045	2,309
Accrued data and distribution fees	4,305	4,222
Accrued GPO administrative fees	296	384
Accrued inventory management fee	1,126	540
Allowance for chargebacks	2,368	1,467
Accounts payable and other accrued liabilities	\$58,117	\$52,483

Amounts presented within “accounts payable and other accrued liabilities” in the accompanying Consolidated Balance Sheets for GTN estimates (see Note 2(i)) were as follows:

Description	Rebates and Chargebacks	Data and Distribution, GPO Fees, and Inventory Management Fees	Returns
Balance as of December 31, 2015	\$ 20,167	\$ 3,386	\$1,394
Add: provisions	98,317	14,979	2,123

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(Less): credits or actual allowances	(108,667)	(13,219)	(1,208)
Balance as of December 31, 2016	9,817	5,146	2,309
Add: provisions	106,647	20,104	2,807
(Less): credits or actual allowances	(106,106)	(19,523)	(1,071)
Balance as of December 31, 2017	\$ 10,358	\$ 5,727	\$4,045

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

(j) Deferred Revenue

Deferred revenue (current and non-current) is comprised of the following

	December 31,	
	2017	2016
ZEVALIN out-license deferred revenue in Asia/other territories (see Note 12)	\$—	\$1,255
EVOMELA deferred revenue*	3,819	1,887
ZEVALIN out-license in India territory (see Note 17(b)(iii))	368	369
Deferred revenue	\$4,187	\$3,511

* We commercialized EVOMELA beginning in April 2016, and have deferred revenue recognition (see Note 2(i)(a)) for any product shipped to our distributors, but not ordered and received by end-users as of December 31, 2017. This deferral is a result of our current inability to estimate future customer returns and rebate levels with requisite precision for this recently launched product.

(k) Other Long-Term Liabilities

"Other long-term liabilities" are comprised of the following:

	December 31,	
	2017	2016
Accrued executive deferred compensation	\$5,928	\$8,352
Deferred rent (non-current portion)	52	167
Clinical study holdback costs, non-current	59	47
Other tax liabilities	176	738
Royalty liability	—	300
Other long-term liabilities	\$6,215	\$9,604

4. GROSS-TO-NET PRODUCT SALES AND SIGNIFICANT CUSTOMERS

The below table presents a GTN product sales reconciliation for the accompanying Consolidated Statement of Operations:

	Year Ended December 31,		
	2017	2016	2015
Gross product sales	\$245,797	\$244,770	\$215,136
Commercial rebates and government chargebacks	(105,148)	(98,317)	(61,283)
Data and distribution fees, GPO fees, and inventory management fees	(20,083)	(14,979)	(15,613)
Prompt pay discounts	(1,610)	(755)	(16)
Product returns allowances	(2,778)	(2,123)	(1,373)
Product sales, net	\$116,178	\$128,596	\$136,851

The below table presents the customers that represent 10% or more of our gross product sales in 2017, 2016, and 2015:

	Year Ended December 31,					
	2017		2016		2015	
AmerisourceBergen Corporation, and its affiliates	\$79,362	32.3 %	\$93,951	38.4 %	\$78,989	36.7 %
McKesson Corporation and its affiliates	76,363	31.1 %	75,952	31.0 %	73,577	34.2 %
Cardinal Health, Inc. and its affiliates	64,634	26.3 %	58,780	24.0 %	37,414	17.4 %
All other customers	25,438	10.3 %	16,087	6.6 %	25,156	11.7 %
Gross product sales	\$245,797	100.0 %	\$244,770	100.0 %	\$215,136	100.0 %

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5. COMPOSITION OF TOTAL REVENUE

The below table presents our net product sales by geography for the years ended December 31, 2017, 2016, and 2015:

	Year Ended December 31,					
	2017		2016		2015	
United States	\$107,135	92.2 %	\$125,074	97.3 %	\$130,432	95.3 %
International:						
Europe	7,727	6.7 %	3,522	2.7 %	2,234	1.6 %
Asia Pacific*	1,316	1.1 %	—	— %	4,185	3.1 %
Total International	9,043	7.8 %	3,522	2.7 %	6,419	4.7 %
Product sales, net	\$116,178	100.0 %	\$128,596	100.0 %	\$136,851	100.0 %

* See Note 12 for discussion of our November 2015 ZEVALIN out-license for the Asia Pacific territory.

The below table presents our net product sales by drug for the years ended December 31, 2017, 2016, and 2015:

	Year Ended December 31,					
	2017		2016		2015	
FUSILEV	\$7,300	6.3 %	\$34,839	27.1 %	\$60,710	44.4 %
FOLOTYN	43,015	37.0 %	46,245	36.0 %	40,606	29.7 %
ZEVALIN	11,759	10.1 %	10,730	8.3 %	17,457	12.8 %
MARQIBO	6,573	5.7 %	7,245	5.6 %	8,006	5.9 %
BELEODAQ	12,353	10.6 %	13,368	10.4 %	10,072	7.4 %
EVOMELA	35,178	30.3 %	16,169	12.6 %	—	— %
Product sales, net	\$116,178	100.0 %	\$128,596	100.0 %	\$136,851	100.0 %

The below table presents our license fees and service revenue by source for the years ended December 31, 2017, 2016, and 2015:

	Year Ended December 31,					
	2017		2016		2015	
Out-license of FOLOTYN in all countries except the U.S., Canada, Europe, and Turkey: royalties (Note 16)	\$5,848	48.0 %	\$927	5.2 %	\$831	3.2 %
Out-license of ZEVALIN: recognition of upfront cash receipt and subsequent royalties for Asia and certain other territories, excluding China (Note 12)	1,245	10.2 %	1,756	9.8 %	15,144	58.9 %
Out-license of ZEVALIN: amortization of upfront cash receipt related to India territory (Note 17(b)(iii)) and other	50	0.4 %	69	0.4 %	48	0.2 %
Out-license of ZEVALIN, FOLOTYN, BELEODAQ, MARQIBO: upfront cash receipt and subsequent royalties for the Canada territory (Note 17(b)(xv))	5	— %	6,000	33.6 %	—	— %
Out-license of ZEVALIN, MARQIBO, EVOMELA: upfront receipt for the China territory (Note 11)	—	— %	—	— %	9,682	37.7 %
Sales and marketing contracted services (Note 14)	4,747	38.9 %	9,096	51.0 %	—	— %
Regulatory services provided to licensee	294	2.4 %	—	— %	—	— %
License fees and service revenues	\$12,189	100.0 %	\$17,848	100.0 %	\$25,705	100.0 %

6. STOCK-BASED COMPENSATION

2009 Stock Incentive Plan Overview

Notes to Consolidated Financial Statements

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

We have one active stockholder-approved stock-based compensation plan, the 2009 Incentive Award Plan (the “2009 Plan”), which replaced our former stockholder-approved plans. We may grant incentive stock options, non-qualified options, restricted stock awards, and stock appreciation rights under the 2009 Plan.

The maximum number of our common stock available for issuance under the 2009 Plan at inception was 10 million shares. Beginning on January 1, 2010, and each January 1st thereafter, the number of shares of common stock available for issuance under the 2009 Plan automatically increases by the greater of (i) 2.5 million shares or (ii) a number of shares such that the total number of shares of common stock available for issuance under the 2009 Plan shall equal 30% of the then number of shares of common stock issued and outstanding. As of December 31, 2017, 14.6 million shares were available for grant. It is our policy that before stock is issued through the exercise of stock options, we must first receive all required cash payment for such shares (whether through an upfront cash exercise or net-settlement exercise).

Stock-based awards are governed by agreements between us and the recipients. Incentive stock options and nonqualified stock options may be granted under the 2009 Plan at an exercise price of not less than 100% of the closing fair market value of our common stock on the respective date of grant. The grant date is generally the date the award is approved by the Compensation Committee of the Board of Directors, though for aggregate awards to certain participants of 50,000 or less shares in each quarter, the grant date may be the date the award is approved by our Chief Executive Officer.

Stock-based awards generally vest 25% on the first anniversary of the date of grant, or for new hires, the first anniversary of their initial date of employment. Awards generally vest monthly thereafter on a straight-line basis over three years. Stock options must generally be exercised, if at all, no later than 10 years from the date of grant. Upon termination of employment, vested stock options may generally be exercised within 90 days from the last date of employment. In the event of an optionee’s death, disability, or retirement, the exercise period is generally 365 days from the last date of employment.

Employee Stock Purchase Plan

Under the terms of our 2009 Employee Stock Purchase Plan (the “ESPP”), eligible employees can purchase common stock through payroll deductions. The purchase price is equal to the closing price of our common stock on the first or last day of the offering period (whichever is less), minus a 15% discount. We use the Black-Scholes option-pricing model, in combination with the discounted employee price, in determining the value of ESPP expense to be recognized during each offering period. A participant may purchase a maximum of 50,000 shares of common stock during a six-month offering period, not to exceed \$25,000 worth of stock on the offering date during each plan year. As of December 31, 2017, a total of 9.0 million shares of common stock are authorized and remain available for issuance under the ESPP. Beginning on January 1, 2010, and each January 1st thereafter, the number of shares of common stock available for issuance under the ESPP shall automatically increase by an amount equal to the lesser of (i) one million shares or (ii) an amount determined by the ESPP administrator. However, in no event shall the number of shares of common stock available for future sale under the ESPP exceed 10 million shares, subject to capitalization adjustments occurring due to dividends, splits, dissolution, liquidation, mergers, or changes in control.

Stock-Based Compensation Expense Summary

We report our stock-based compensation expense (inclusive of our incentive stock plan, employee stock purchase plan, and 401(k) contribution matching program) in the accompanying Consolidated Statements of Operations, based on the department to which the recipient belongs. Stock-based compensation expense included within “total operating costs and expenses” for years ended December 31, 2017, 2016, and 2015, was as follows (see Note 20 for discussion of certain immaterial corrections affecting the presented 2016 and 2015 amounts below):

Year Ended December 31,

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	2017	2016	2015
Cost of sales	\$203	\$135	\$62
Selling, general and administrative	12,904	11,480	11,599
Research and development	2,032	2,055	2,280
Total	\$15,139	\$13,670	\$13,941

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Notes to Consolidated Financial Statements

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

Employee stock-based compensation expense for the years ended December 31, 2017, 2016, and 2015 was recognized (reduced for estimated forfeitures) on a straight-line basis over the vesting period. Forfeitures are estimated at the time of grant and prospectively revised if actual forfeitures differ from those estimates. We estimate forfeitures of stock options using the historical exercise behavior of our employees. For purposes of this estimate, we have applied an estimated forfeiture rate of 14%, 11%, and 11% for the years ended December 31, 2017, 2016, and 2015, respectively.

Valuation Assumptions – Restricted Stock and Stock Options

The grant-date fair value per share for restricted stock awards was based upon the closing market price of our common stock on the award grant-date.

The fair value of stock options granted was estimated at the date of grant using the Black-Scholes option-pricing model. The following assumptions were used to determine fair value for the stock awards granted in the applicable year:

	Year Ended December 31,		
	2017	2016	2015
Expected option life (in years) (a)	4.84	5.02	5.43
Risk-free interest rate (b)	0.82% - 1.90%	1.07% - 1.90%	1.25% - 1.68%
Volatility (c)	49.3% - 61.4%	48.9% - 50.6%	48.0% - 50.2%
Dividend yield (d)	—%	—%	—%
Weighted-average grant-date fair value per stock option	\$2.89	\$2.80	\$2.85

(a) Determined by the historical stock option exercise behavior of our employees (maximum term is 10 years).

(b) Based upon the U.S. Treasury yields in effect during the period which the options were granted (for a period equaling the stock options' expected term).

(c) Measured using our historical stock price for a period equal to stock options' expected term.

(d) We do not expect to declare any cash dividends in the foreseeable future.

Stock Option Activity

Stock option activity during the years ended December 31, 2017, 2016, and 2015 was as follows:

	Number of Shares	Weighted-Average Exercise Price/Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding — December 31, 2014	12,649,102	\$ 7.12		
Granted	2,219,587	6.04		
Exercised	(456,082)	4.45		\$ 977 (1)
Forfeited	(296,162)	8.06		
Expired	(279,594)	9.05		
Outstanding — December 31, 2015	13,836,851	6.97		
Granted	1,435,550	5.94		
Exercised	(39,010)	5.18		\$ 50 (1)
Forfeited	(379,268)	7.21		
Expired	(513,541)	7.26		
Outstanding — December 31, 2016	14,340,582	6.86		
Granted	1,223,483	6.51		

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Exercised	(937,482)	6.40		\$6,813	(1)
Forfeited	(244,793)	6.26			
Expired	(524,577)	6.27			
Outstanding — December 31, 2017	13,857,213	\$ 6.89	5.05	\$ 167,142	(2)
Vested (exercisable) — December 31, 2017	11,615,514	\$ 7.00	4.39	\$ 138,802	(2)
Unvested (unexercisable) — December 31, 2017	2,241,699	\$ 6.31	8.46	\$ 28,340	(2)

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

(1) Represents the total difference between our closing stock price at the time of exercise and the stock option exercise price, multiplied by the number of options exercised.

(2) Represents the total difference between our closing stock price on the last trading day of 2017 and the stock option exercise price, multiplied by the number of in-the-money options as of December 31, 2017. The amount of intrinsic value will change based on the fair market value of our stock.

The following table summarizes information with respect to stock option grants as of December 31, 2017:

Exercise Price	Outstanding		Weighted- Average Exercise Price	Exercisable	
	Granted Options Outstanding	Weighted- Average Remaining Contractual Life (Years)		Granted Stock Options Exercisable	Weighted- Average Exercise Price
\$0.92 - 3.15	954,676	0.58	\$ 2.07	954,676	\$ 2.07
\$3.16 - 4.95	1,301,994	2.66	4.24	1,246,845	4.24
\$4.96 - 6.9	5,680,077	5.81	6.16	3,837,546	6.21
\$6.91 - 8.99	3,519,801	5.75	7.75	3,206,845	7.78
\$9.00 - 19.65	2,400,665	5.27	10.71	2,369,602	10.66
	13,857,213	5.05	\$ 6.89	11,615,514	\$ 7.00

As of December 31, 2017, there was unrecognized compensation expense of \$3.7 million related to unvested stock options, which we expect to recognize over a weighted average period of 2.23 years.

Restricted Stock Award Activity

A summary of restricted stock award activity is as follows:

	Number of Restricted Stock Awards	Weighted Average Fair Value per Share at Grant Date
Unvested — December 31, 2017	1,824,217	\$ 8.22
Granted	1,948,585	6.32
Vested	(364,507)	) 8.47
Forfeited	(234,313)	) 7.32
Unvested — December 31, 2016	1,517,982	6.58
Granted	1,203,675	5.93
Vested	(889,857)	) 6.49
Forfeited	(335,643)	) 6.33
Unvested — December 31, 2015	1,152,157	6.29
Granted	927,306	6.22
Vested	(1,137,555)	) 6.38
Forfeited	(378,990)	) 5.95
Unvested — December 31, 2014	1,562,918	\$ 6.27

Year Ended December
31,
2017 2016 2015

Restricted stock expense \$6,821 \$6,518 \$4,359

As of December 31, 2017, there was approximately \$5.3 million of unrecorded expense related to issued restricted stock awards that will be recognized over an estimated weighted average period of 2.42 years. These unvested shares are included in our reported issued and outstanding common stock as of December 31, 2017.

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

401(k) Plan – Stock Matching Contribution

We issued shares of common stock to our employees in connection with our 401(k) program, partially matching our employees' annual 401(k) contributions, as summarized below:

	Year Ended December		
	31,		
	2017	2016	2015
Shares of common stock issued	102,877	72,650	179,865
Match contribution value*	\$912	\$ 953	\$ 1,124

* Represents our stock price on the date of the common stock issuance multiplied by the number of shares of common stock issued. During January and February 2017 the 401(k) match was made with cash instead of shares of common stock.

7. STOCKHOLDERS' EQUITY

Authorized Stock

On December 13, 2010, we filed the Certificate of Designation of Rights, Preferences and Privileges of Series B Junior Participating Preferred Stock with the Delaware Secretary of State which authorized 1.5 million shares to be designated as Series B Junior Participating Preferred Stock. On June 13, 2011, our stockholders approved an amendment to our Certificate of Incorporation to increase the authorized number of shares of our common stock from 100 million shares to 175 million shares. The amendment was filed with the Delaware Secretary of State on June 24, 2011. As of December 31, 2017, we also had five million shares of preferred stock authorized, of which 1.5 million shares were designated as Series B Junior Participating Preferred Stock and 2,000 shares were designated as Series E Convertible Voting Preferred Stock.

Stockholder Rights Agreement

On November 29, 2010, our Board of Directors approved a stockholder rights agreement (the "Stockholder Rights Agreement"), effective December 13, 2010. A stockholder rights agreement is designed to deter coercive, unfair, or inadequate takeovers and other abusive tactics that might be used in an attempt to gain control of our company. A stockholder rights agreement will not prevent takeovers at a full and fair price, but rather is designed to deter coercive takeover tactics and to encourage anyone attempting to acquire our company to first negotiate with our Board of Directors.

Under the terms of the Stockholder Rights Agreement, and subject to the exception noted below, the rights to purchase units of our Senior B Junior Participating Preferred Stock become exercisable upon the earlier of 10 days after a person or group of affiliated or associated persons has acquired 15% (or 20% in the case of a designated holder) or more of the outstanding shares of our common stock or 10 business days after a tender offer has commenced that would result in a person or group beneficially owning 15% (or 20% in the case of a designated holder) or more of our outstanding common stock. Five days after the rights become exercisable, each right, other than rights held by the person or group of affiliated persons whose acquisition of more than 15% of our outstanding common stock caused the rights to become exercisable (subject to the exception noted below), will entitle its holder to buy, in lieu of shares of Series B Junior Participating Preferred Stock, a number of shares of our common stock having a market value of two times the exercise price of the rights. After the rights become exercisable, if we are a party to certain merger or business combination transactions or transfers 50% or more of our assets or earnings power (as defined in the Stockholder Rights Agreement), each right will entitle its holder to buy a number of shares of common stock of the acquiring or surviving entity having a market value of twice the exercise price of the right. These rights could delay or discourage someone from acquiring our company, even if doing so would potentially benefit our stockholders.

In October 2017, we amended the Stockholder Rights Agreement to treat BlackRock Inc. and its affiliates as a "designated holder" and to our knowledge we currently have no stockholders who own 15% or more of the outstanding shares of our common stock other than BlackRock Inc. who reported beneficial ownership of approximately 15.9% as of December 31, 2017.

The Stockholder Rights Agreement expires by its terms on December 13, 2020.

Series E Preferred Stock

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

In September 2003, we received gross cash proceeds of \$20 million in exchange for the issuance of 2,000 shares of our Series E Convertible Voting Preferred Stock, convertible into four million shares of common stock. As of December 31, 2017 and 2016, no shares of Series E Preferred Stock were outstanding.

In June 2016, our then 20 outstanding shares of Series E convertible voting preferred stock were converted (at the election of the preferred stockholders) into an aggregate of 40,000 common shares and a \$6 thousand dividend in arrears was paid upon this conversion.

Common Stock Issuable

As of December 31, 2017, 15.9 million shares of our common stock were issuable upon conversion, or exercise of rights granted (regardless of whether in or out-of-the-money), as summarized below:

2018 Convertible Notes	3,854,959
Exercise of vested employee stock options (unvested of 2,241,699 - see Note 6)	11,615,514
Exercise of vested warrants	445,000
Total common shares issuable	15,915,473

Warrant Activity

We typically issue warrants to purchase shares of our common stock to investors as part of a financing transaction or in connection with services rendered by placement agents or consultants. Our outstanding warrants expire on varying dates through December 2020. A summary of warrant activity is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding — December 31, 2017	445,000	\$ 6.39
Granted	—	—
Outstanding — December 31, 2016	445,000	\$ 6.78
Granted	—	—
Outstanding — December 31, 2015	445,000	\$ 6.78
Granted	—	—
Outstanding — December 31, 2014	445,000	\$ 6.78
Exercisable — December 31, 2014	445,000	\$ 6.78

Sale of Common Stock Under ATM Agreements

In December 2015, we entered into a collective at-market-issuance sales agreement with FBR Capital Markets & Co., MLV & Co. LLC, and H.C. Wainwright & Co., LLC. ("December 2015 ATM Agreement"). The December 2015 ATM Agreement allowed us to raise gross proceeds of up to \$100 million from the sale of our common stock through these brokers under our shelf registration statement on Form S-3 (declared effective by the SEC on February 3, 2016; File No. 333-208760) (the "Registration Statement"). As of July 31, 2017, we fully utilized this ATM facility.

In August 2017, we entered into a collective at-market-issuance sales agreement with H.C. Wainwright & Co., LLC., FBR Capital Markets & Co., and MLV & Co. LLC (the "August 2017 ATM Agreement"). The August 2017 ATM Agreement allows us to raise gross proceeds of up to \$150 million from the sale of our common stock through these brokers under the Registration Statement. As of December 31, 2017, approximately \$43.9 million remained available for sale under this ATM facility.

We sold and issued shares of our common stock under both the December 2015 and August 2017 ATM Agreements, summarized as follows:

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Notes to Consolidated Financial Statements

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

	No. of Common Shares Issued	Proceeds Received (Net of Broker Commissions and Fees)
Common shares issued pursuant to the December 2015 ATM Agreement during the year ended December 31, 2016	10,890,915	\$ 73,869
Common shares issued pursuant to the December 2015 ATM Agreement between July 1, 2017 and July 31, 2017	3,243,882	\$ 23,745
Common shares issued pursuant to the August 2017 ATM Agreement between August 1, 2017 and December 31, 2017	10,314,250	\$ 104,527

8. NET LOSS PER SHARE

Net loss per share was computed by dividing net loss by the weighted average number of common shares outstanding for the years ended December 31, 2017, 2016, and 2015:

	Year Ended December 31,		
	2017	2016	2015
Net loss	\$(91,248)	\$(69,770)	\$(52,642)
Weighted average shares—basic	85,115,592	72,824,070	64,882,417
Net loss per share—basic	\$(1.07)	\$(0.96)	\$(0.81)
Weighted average shares—diluted	85,115,592	72,824,070	64,882,417
Net loss per share—diluted	\$(1.07)	\$(0.96)	\$(0.81)

The below outstanding securities were excluded from the above calculation of net loss per share because their impact under the "treasury stock method" and "if-converted method" would have been anti-dilutive due to our net loss per share for the years ended December 31, 2017, 2016, and 2015, as summarized below:

	Year Ended December 31,		
	2017	2016	2015
2018 Convertible Notes	3,854,959	10,454,799	11,401,284
Common stock options	3,668,662	1,294,594	1,441,086
Restricted stock awards	1,562,918	2,147,157	2,173,615
Common stock warrants	138,277	—	9,357
Preferred stock*	—	—	40,000
Total	9,224,816	13,896,550	15,065,342

* In June 2016, our then 20 outstanding shares of Series E convertible voting preferred stock were converted (at the election of the preferred stockholders) into an aggregate of 40,000 common shares (see Note 7 - Series E Preferred Stock).

9. FAIR VALUE MEASUREMENTS

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

Notes to Consolidated Financial Statements

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

	December 31, 2017			
	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets:				
Bank certificates of deposits	\$—	\$248	\$—	\$248
Money market funds	—	216,358	—	216,358
Equity securities (Note 11)	37,530	—	—	37,530
Mutual funds	—	59	—	59
Deferred compensation investments (life insurance cash surrender value - Note 3(h))	—	14,887	—	14,887 *
	\$37,530	\$231,552	\$—	\$269,082
Liabilities:				
Deferred executive compensation liability (Note 17(f))	—	11,038	—	11,038 *
FOLOTYN development liability (Note 16)	—	—	12,386	12,386
Ligand Contingent Consideration (Note 10 (b))	—	—	—	—
Talon CVR (Note 10 (a))	—	—	6,210	6,210
Corixa Liability (Note 17(b)(i))	—	—	62	62
	\$—	\$11,038	\$18,658	\$29,696

	December 31, 2016			
	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets:				
Bank certificates of deposits	\$—	\$5,991	\$—	\$5,991
Money market funds	—	128,563	—	128,563
Equity securities	11,533	—	—	11,533
Mutual funds	—	56	—	56
Deferred compensation investments (life insurance cash surrender value)	—	11,863	—	11,863 *
	\$11,533	\$146,473	\$—	\$158,006
Liabilities:				
Deferred executive compensation liability	—	8,352	—	8,352 *
FOLOTYN development liability	—	—	13,130	13,130
Ligand Contingent Consideration (Note 10 (b))	—	—	—	—
Talon CVR	—	—	1,253	1,253
Corixa Liability	—	—	62	62
	\$—	\$8,352	\$14,445	\$22,797

* The reported value of "deferred compensation investments" is based on the cash surrender value of the life insurance policies, while the value of the "deferred executive compensation liability" is based on the market value of the underlying investment holdings.

We did not have any transfers between "Level 1" and "Level 2" (Note 2(xiii)) for all periods presented.

Notes to Consolidated Financial Statements

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

The table below summarizes the 2016 and 2017 activity of our liabilities that are valued with unobservable inputs (i.e., "Level 3"):

	Fair Value Measurements of Unobservable Inputs (Level 3)	
Balance at December 31, 2015	\$ 21,352	
Settlement of Ligand Contingent Consideration liability - EVOMELA (Note 10(b))	(6,000)
FOLOTYN development liability (Note 16)	(1,556)
Ligand Contingent Consideration fair value adjustment prior to settlement - EVOMELA (Note 10(b))	773	
Talon CVR fair value adjustment - MARQIBO (Note 10(a))	(124)
Balance at December 31, 2016	\$ 14,445	
FOLOTYN development liability (Note 16)	(744)
Talon CVR fair value adjustment - MARQIBO (Note 10(a))	4,957	
Balance at December 31, 2017	\$ 18,658	*

* This amount is comprised of the current and non-current portions of "FOLOTYN development liability" and the non-current portion of "acquisition-related contingent obligations" on our accompanying Consolidated Balance Sheets. Our carrying amounts of financial instruments such as cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued liabilities, excluding acquisition-related contingent obligations, approximate their related fair values due to their short-term nature.

10. BUSINESS COMBINATIONS AND CONTINGENT CONSIDERATION

(a) Acquisition of Talon Therapeutics, Inc.

Overview of Talon Acquisition

On July 17, 2013, we purchased all of the outstanding shares of common stock of Talon Therapeutics, Inc. ("Talon"). Through the acquisition of Talon, we gained worldwide rights to MARQIBO. We accounted for this transaction as a business combination, which required that assets acquired and liabilities assumed be recognized on the balance sheet at their fair values as of the transaction date. The Talon purchase consideration comprised of (i) an aggregate upfront cash amount of \$11.3 million, (ii) issuance of 3.0 million shares of our common stock, then equivalent to \$26.3 million (based on a closing price of \$8.77 per share on July 17, 2013), and (iii) the issuance of contingent value rights ("Talon CVR") initially valued at \$6.5 million.

The Talon CVR was valued using a valuation model that probability-weights expected outcomes (ranging from 50% to 100%) and discounts those amounts to their present value, using an appropriate discount rate (these represent unobservable inputs and are therefore classified as Level 3 inputs – see Note 2 (xiii)). The Talon CVR has a maximum payout of \$195 million if all sales and regulatory approval milestones are achieved, as summarized below:

- \$5 million upon the achievement of net sales of MARQIBO in excess of \$30 million in any calendar year
- \$10 million upon the achievement of net sales of MARQIBO in excess of \$60 million in any calendar year
- \$25 million upon the achievement of net sales of MARQIBO in excess of \$100 million in any calendar year
- \$50 million upon the achievement of net sales of MARQIBO in excess of \$200 million in any calendar year
- \$100 million upon the achievement of net sales of MARQIBO in excess of \$400 million in any calendar year
- \$5 million upon receipt of marketing authorization from the FDA regarding Menadione Topical Lotion

Talon CVR Fair Value as of December 31, 2017 and December 31, 2016

The Talon CVR fair value will continue to be evaluated on a quarterly basis. Current and future changes in its fair value results from the likelihood and timing of milestone achievement and/or the corresponding discount rate applied

thereon.

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Notes to Consolidated Financial Statements

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

Adjustments to Talon CVR fair value are recognized within "change in fair value of contingent consideration related to acquisitions" in the accompanying Consolidated Statements of Operations.

	Fair Value of Talon CVR
December 31, 2016	\$ 1,253
Fair value adjustment for the year ended December 31, 2017	4,957
December 31, 2017	\$ 6,210

(b) Acquisition of Rights to EVOMELA and Related Contingent Consideration

Overview of Acquisition of Rights to EVOMELA

In March 2013, we completed the acquisition of exclusive global development and commercialization rights to Captisol-enabled®, propylene glycol-free MELPHALAN (which we market as "EVOMELA") for use as a conditioning treatment prior to autologous stem cell transplant for patients with MM. We acquired these rights from CyDex, a wholly-owned subsidiary of Ligand, for an initial license fee of \$3 million, and assumed responsibility for EVOMELA's then-ongoing clinical and regulatory development program. We accounted for this transaction as a business combination, which required that assets acquired and liabilities assumed be recognized on the balance sheet at their fair values as of the transaction date.

We are required to pay Ligand additional amounts up to an aggregate \$60 million, upon the achievement of annual net sales thresholds (exclusive of the \$6 million milestone payment triggered in March 2016, as discussed below), however, we do not expect to achieve these sales thresholds based on our estimated market size for this product and our projected market share at the time of the acquisition and to date. We also must pay Ligand royalties of 20% on our net sales of EVOMELA in all territories.

Our EVOMELA royalty obligation and sales-based milestones are jointly treated as part of an "executory contract" (as defined under GAAP) that is connected with an at-market supply agreement for Captisol that was executed concurrently with this acquisition (requiring the continuing involvement of CyDex). As a result, our royalty and sales-based milestone arrangements are treated as separate transactions, distinct from the consideration paid for the EVOMELA rights. Our royalty expenses are reported through "cost of sales" on our Consolidated Statement of Operations in the same period of our recognized revenue for the product sale.

Consideration Transferred

The acquisition-date fair value of the consideration transferred consisted of the following:

Cash consideration	\$3,000
Ligand Contingent Consideration	4,700
Total purchase consideration	\$7,700

Fair Value Estimate of Asset Acquired and Liability Assumed

The total purchase consideration is allocated to the acquisition of the net tangible and intangible assets based on their estimated fair values as of the transaction date. The allocation of the total purchase price to the net assets acquired is as follows:

IPR&D EVOMELA rights \$7,700

We estimated the fair value of the in-process research and development using the income approach. The income approach uses valuation techniques to convert future net cash flows to a single present value (discounted) amount. We applied our net cash flow projections for EVOMELA over 10 years and a discount rate of 25%, taking into account our estimates of future incremental earnings that may be achieved upon regulatory approval and commercialization of the product(s). The fair value of the Ligand Contingent Consideration liability was determined using the probability of success and the discounted cash flow method of the income approach (representing unobservable "Level 3" inputs (see

Note 2(xiii)) for regulatory and sales-based milestones due to Ligand upon achievement).

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Notes to Consolidated Financial Statements

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

In March 2016, the FDA approved EVOMELA, triggering a \$6 million milestone payment to Ligand that was paid in April 2016. "EVOMELA IPR&D" of \$7.7 million was reclassified in April 2016 to "EVOMELA" distribution rights" that is reported within "Intangible assets, net of accumulated amortization and impairment charges" in the accompanying Consolidated Balance Sheets as of December 31, 2017 (see Note 3(g)). Amortization related to this intangible asset commenced on April 1, 2016.

Ligand Contingent Consideration Fair Value as of December 31, 2016

The fair value of the Ligand Contingent Consideration immediately prior to its payment was the full \$6 million payment due upon EVOMELA's FDA approval. Accordingly, in the first quarter of 2016, we recorded a \$0.8 million adjustment to the "change in fair value of the contingent consideration related to acquisitions" in the accompanying Consolidated Statements of Operations. We have no further contingent consideration obligations as part of this transaction.

	Fair Value of Ligand Contingent Consideration
December 31, 2015	\$ 5,227
Fair value adjustment for the three months ended March 31, 2016	773
Payment to Ligand in April 2016 for FDA approval milestone achievement	(6,000)
December 31, 2016	\$ —

(c) Allos Acquisition

We acquired Allos Therapeutics, Inc. on September 5, 2012 for cash consideration of \$205.2 million and assumed FOLOTYN distribution rights (see Note 16). We accounted for this transaction as a business combination, which required that assets acquired and liabilities assumed be recognized on the balance sheet at their fair values as of the transaction date. We have no ongoing contingent consideration obligations from this transaction.

11. OUT-LICENSE OF MARQIBO, ZEVALIN, & EVOMELA IN CHINA TERRITORY

Overview of CASI Out-License

On September 17, 2014, we executed three product out-license agreements with a perpetual term (collectively, the "CASI Out-License") with CASI Pharmaceuticals, Inc. ("CASI"), a publicly-traded biopharmaceutical company (NASDAQ: CASI) with a primary focus on the China market. Under the CASI Out-License, we granted CASI the exclusive rights to distribute three of our commercialized oncology drugs, ZEVALIN, MARQIBO, and EVOMELA ("CASI Out-Licensed Products") in greater China (which includes Taiwan, Hong Kong and Macau). CASI is responsible for the development and commercialization of these three drugs, including the submission of import drug registration applications to regulatory authorities and conducting any confirmatory clinical studies in greater China. We will provide CASI with future commercial supply of the CASI Out-Licensed Products under typical market terms. In return, we received CASI common stock for the rights related to ZEVALIN and EVOMELA and a secured promissory note for the rights related to MARQIBO.

CASI Ownership at December 31, 2017

Under certain conditions which expired in December 2017, we had a right to purchase additional shares of CASI common stock in order to maintain our post-investment ownership percentage if CASI issued additional securities. During 2017 and 2016, we acquired an additional 1.5 million and 4.6 million common shares of CASI, respectively, at par value, resulting in our total aggregate holding of 11.5 million common shares as of December 31, 2017, representing an approximate 17% ownership in CASI.

Proceeds Received in the Third Quarter of 2014

The proceeds we received, and its fair value on the CASI Out-License execution date, consisted of the following:

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Notes to Consolidated Financial Statements

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

CASI common stock (5.4 million shares)	\$8,649(a)
CASI secured promissory note, net of fair value discount (\$1.5 million face value and 0.5% annual coupon)	1,310 (b)
Total consideration received, net of fair value discount	\$9,959(c)

(a) Value determined based on the September 17, 2014 closing price of 5.4 million shares of CASI common stock on the NASDAQ Capital Market of \$1.60 per share. Our current intention is to hold these securities on a long-term basis. Accordingly, we have presented its value of \$37.5 million as of December 31, 2017 within "other assets" (rather than "marketable securities") on our accompanying Consolidated Balance Sheets. The change in fair value of these securities is reported within "unrealized gain (loss) on available-for-sale securities" on the accompanying Consolidated Statements of Comprehensive Loss.

(b) Value estimated using the terms of the \$1.5 million promissory note, the application of a synthetic debt rating based on CASI's publicly-available financial information, and the prevailing interest yields on similar public debt securities as of September 17, 2014. The full balance was reclassified beginning December 31, 2017 to "other assets" (presented within non-current assets on the accompanying Consolidated Balance Sheets) from "other receivables" (presented within current assets) due to an amended maturity date of September 17, 2019.

(c) Presented within "license fees and service revenue" in the accompanying Consolidated Statements of Operations for the year ended December 31, 2015 (see below).

In addition, CASI will be responsible for paying any royalties or milestones that we are obligated to pay to our third-party licensors resulting from the achievement of certain milestones and/or sales of CASI Out-Licensed Products, but only to the extent of the greater China portion of such royalties or milestones.

License Fee Revenue Recognized in the Second Quarter of 2015

The \$9.7 million value of the upfront proceeds (undiscounted, and net of certain foreign exchange adjustments) from CASI were recognized in 2015 within "license fees and service revenue" on our accompanying Consolidated Statements of Operations. The timing of this revenue recognition corresponds with the execution of supply agreements with CASI for ZEVALIN, MARQIBO, and EVOMELA. These agreements allow CASI to procure CASI Out-Licensed Products directly from approved third parties, and in such case, do not require our future involvement for their commercial supply.

12. OUT-LICENSE OF ZEVALIN IN CERTAIN EX-U.S. TERRITORIES

On November 16, 2015, we entered into an out-license agreement with Mundipharma for their commercialization of ZEVALIN in Asia (excluding India and Greater China), Australia, New Zealand, Africa, the Middle East, and Latin America (including the Caribbean islands). In return, we received \$18 million (comprised of \$15 million received in December 2015 and \$3 million received in January 2016). Of these proceeds, \$15 million was recognized within "license fees and service revenue" in the fourth quarter of 2015. Of the \$3 million received in January 2016, \$1.2 million and \$1.8 million was recognized for the year ended December 31, 2017 and December 31, 2016, respectively, on our accompanying Consolidated Statement of Operations (this \$3 million payment was recognized in full by June 30, 2017).

Mundipharma is required to reimburse us for our payment of royalties due to Bayer Pharma AG ("Bayer") from their ZEVALIN sales - see Note 17(b)(ii). We are also eligible to receive an additional \$2 million upon Mundipharma's achievement of a specified sales milestone, that if/when achieved, will be reported within "license fees and service revenue".

13. OUT-LICENSE OF ZEVALIN, FOLOTYN, BELEODAQ, AND MARQIBO IN CANADA TERRITORY

On January 8, 2016, we entered into a strategic partnership with Servier Canada, Inc. ("Servier") for the out-licenses of ZEVALIN, FOLOTYN, BELEODAQ, and MARQIBO. We received \$6 million in upfront payments in the first quarter of 2016 which was recognized within "license fees and service revenue" in the accompanying Consolidated Statements of Operations for the year ended December 31, 2016. We will also receive development milestone payments if/when achieved, and a high single-digit royalty on their sales of these products.

14. CO-PROMOTION ARRANGEMENT WITH EAGLE PHARMACEUTICALS

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On November 4, 2015, we executed an agreement with Eagle Pharmaceuticals, Inc. ("Eagle") whereby designated members of our sales force concurrently marketed up to six of Eagle's products along with our products in return for fixed monthly payments (aggregating \$12.8 million), as well as variable sales-based milestones, over an 18 month contract term of January 1, 2016 through June 30, 2017 (the "Eagle Agreement"). On July 1, 2017 our sales force ceased marketing Eagle products, with the Eagle Agreement expiring under its terms.

The fixed receipts from Eagle for our sales activities, as well as reimbursements of third-party marketing services, are recognized within "license fees and service revenue" on our accompanying Consolidated Statements of Operations. This amount was \$4.7 million, \$9.1 million, and \$0 for the years ended December 31, 2017, 2016, and 2015, respectively. No sales-based milestones were achieved in the current or prior periods.

An allocation of our sales personnel costs that are dedicated to Eagle sales activities are reported within "cost of service revenue" on our accompanying Consolidated Statement of Operations, as are reimbursable costs for third-party marketing services. These were an aggregate of \$4.2 million, \$7.9 million, and \$0 for the years ended December 31, 2017, 2016, and 2015, respectively.

15. CONVERTIBLE SENIOR NOTES

Overview

On December 17, 2013, we entered into an agreement for the sale of \$120 million aggregate principal amount of 2.75% Convertible Senior Notes (equaling 120,000 notes, denominated in \$1,000 principal units) due December 2018 (the "2018 Convertible Notes"). The 2018 Convertible Notes are convertible into shares of our common stock at a conversion rate of 95 shares per \$1,000 principal units, then equating to 11.4 million common shares if fully converted. The in-the-money conversion price is equivalent to \$10.53 per common share. The conversion rate and conversion price is subject to adjustment under certain limited circumstances. The 2018 Convertible Notes bear interest at a rate of 2.75% per year, payable semiannually in arrears on June 15 and December 15 of each year. The 2018 Convertible Notes will mature and become payable on December 15, 2018, subject to earlier conversion into common stock at the holders' option.

The sale of the 2018 Convertible Notes closed on December 23, 2013 and our net proceeds were \$115.4 million, after deducting banker and professional fees of \$4.6 million. We used a portion of these net proceeds to simultaneously enter into "bought call" and "sold warrant" transactions with Royal Bank of Canada (collectively, the Conversion Hedge). We recorded the Conversion Hedge on a net cost basis of \$13.1 million, as a reduction to "additional paid-in capital" in our accompanying Consolidated Balance Sheets. Under applicable GAAP, the Conversion Hedge transaction has not been (and is not expected to be) marked-to-market through earnings or comprehensive income.

Open Market Purchases of 2018 Convertible Notes and Conversion Hedge Unwind in December 2016 and October 2017

In December 2016, we completed two open market purchases of our 2018 Convertible Notes, aggregating 9,963 note units (equivalent to \$10 million principal value) for \$9.0 million. We recognized an aggregate loss of \$25 thousand on the retirement of these 2018 Convertible Notes (based on its carrying value under GAAP), which is included in "other (expense) income, net" on the Consolidated Statements of Operations for the year ended December 31, 2016.

Accordingly, as of December 31, 2016, \$110 million in principal of our 2018 Convertible Notes remained outstanding.

With these two open market purchases in December 2016, we concurrently unwound a portion of our previously sold warrants and previously purchased call options (that were part of our Conversion Hedge described below) for aggregate net proceeds of \$21 thousand. We recorded a corresponding net increase to "additional paid-in capital" in the Consolidated Balance Sheets as of December 31, 2016.

In October 2017, we completed an open market purchase of our 2018 Convertible Notes, aggregating 69,472 note units (equivalent to \$69.5 million principal value) for \$27.3 million in cash and 5.4 million newly-issued shares of our common stock, then worth \$73 million. We recognized a loss of \$0.8 million on the retirement of these 2018 Convertible Notes (based on its carrying value under GAAP), which is included in "other (expense) income, net" on the Consolidated Statements of Operations for the year ended December 31, 2017. Accordingly, as of December 31, 2017, \$40.6 million in principal of our 2018 Convertible Notes remains outstanding.

Concurrent with this open market purchase, we also unwound a portion of the previously sold warrants and previously purchased call options that were part of our Conversion Hedge for aggregate net proceeds of \$5.8 million. We recorded a corresponding net increase to "additional paid-in capital" in the Consolidated Balance Sheets as of December 31, 2017.

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

Conversion Hedge

We entered into the Conversion Hedge in December 2013 to reduce the potential dilution to our stockholders and/or offset any cash payments that we are required to make in excess of the principal amount, upon conversion of the 2018 Convertible Notes (in the event that the market price of our common stock is greater than the conversion price). The strike price of the "bought call" is equal to the conversion price and conversion rate of the 2018 Convertible Notes (then matching the 11.4 million common shares the 2018 Convertible Notes may be converted into); the strike price of our "sold warrant" is \$14.03 per share of our common stock, and is also for 11.4 million common shares (reduced by the partial unwinding of these instruments, as discussed above).

Conversion Events

On and after June 15, 2018, and until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or a portion of their 2018 Convertible Notes. Prior to June 15, 2018, holders may convert all or a portion of their 2018 Convertible Notes only under any of the following circumstances: (1) during any fiscal quarter (and only during such fiscal quarter), if, for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on the last trading day of the immediately preceding fiscal quarter, the last reported sale price of our common stock on such trading day is greater than or equal to 130% of the applicable conversion price on such trading day; (2) during the five consecutive business day period immediately following any five consecutive trading day period in which, for each trading day of that measurement period, the trading price per \$1,000 principal amount of 2018 Convertible Notes for such trading day was less than 98% of the product of (i) the last reported sale price of our common stock on such trading day and (ii) the applicable conversion rate on such trading day; (3) upon the occurrence of certain corporate transactions; and (4) at any time prior to our stockholders' approval to settle the 2018 Convertible Notes in our common shares and/or cash.

As of December 31, 2017, the 2018 Convertible Notes are eligible to be converted into common stock as the above elements (1) and (2) were met. Our stockholders' approval of "flexible settlement" occurred at our Annual Meeting of Stockholders on June 29, 2015. As a result, we may (at our election) settle any future conversions of the 2018 Convertible Notes by paying or delivering cash, shares of our common stock, or a combination of cash and shares of common stock. However, if the holders of the Convertible Notes do not elect any conversion into our common stock, our December 2018 obligation to repay the then-outstanding amount in cash, plus any accrued and unpaid interest, is unchanged.

Carrying Value and Fair Value

The carrying value of the 2018 Convertible Notes as of December 31, 2017 and 2016, is summarized as follows:

	Year Ended December 31,	
	2017	2016
Principal amount	\$ 40,565	\$ 110,037
(Less): Unamortized debt discount (amortized through December 2018)	(2,101)	(11,646)
(Less): Debt issuance costs	(240)	(1,348)
Carrying value	\$ 38,224	\$ 97,043

As of December 31, 2017 and December 31, 2016, the estimated aggregate fair value of the 2018 Convertible Notes is \$74.3 million and \$101.8 million, respectively. These estimated fair values represent a Level 2 measurement (see Note 2(xiii)), based upon the 2018 Convertible Notes' quoted bid price at each date in a thinly-traded market.

Components of Interest Expense on 2018 Convertible Notes

The following table sets forth the components of interest expense recognized in the accompanying Consolidated Statements of Operations for the 2018 Convertible Notes for the years ended December 31, 2017, 2016, and 2015:

Notes to Consolidated Financial Statements

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

	Year Ended December 31,		
	2017	2016	2015
Contractual coupon interest expense	\$2,615	\$3,288	\$3,300
Amortization of debt issuance costs	567	696	662
Accretion of debt discount	4,890	5,710	5,250
Total	\$8,072	\$9,694	\$9,212
Effective interest rate	8.41	% 8.65	% 8.66

16. FOLOTYN LICENSE AGREEMENT AND DEVELOPMENT LIABILITY

As a result of our acquisition of Allos on September 5, 2012 (see Note 10(c)), we assumed a strategic collaboration agreement with Mundipharma (the "Mundipharma Collaboration Agreement"), as well as certain FOLOTYN clinical development obligations (the "FOLOTYN Development Liability").

Mundipharma Collaboration Agreement Summary

Under the Mundipharma Collaboration Agreement, we retained full commercialization rights for FOLOTYN in the U.S. and Canada, with Mundipharma having exclusive rights to commercialize FOLOTYN in all other countries in the world (the "Mundipharma Territories"). On May 29, 2013, the Mundipharma Collaboration Agreement was amended and restated (the "Amended Mundipharma Collaboration Agreement"), in order to modify: (i) the scope of the licensed territory, (ii) milestone payments, (iii) royalty rates, and (iv) drug development obligations. In connection with the Amended Mundipharma Collaboration Agreement, we received a one-time \$7 million payment from Mundipharma for our future research and development activities related to FOLOTYN.

As a result of the Amended Mundipharma Collaboration Agreement, (a) Europe and Turkey were excluded from Mundipharma's commercialization territory, (b) we are entitled to regulatory and sales-dependent milestone receipts of up to \$16 million and \$107 million, respectively (see Note 17(b)(vii) for July 2017 achievement), (c) we will receive tiered double-digit royalties based on net sales of FOLOTYN within Mundipharma's licensed territories, and (d) we and Mundipharma will each bear our own FOLOTYN development costs. Effective as of May 1, 2015, we modified the Amended Mundipharma Collaboration Agreement to revise the conditions for our exercise of the option to gain commercialization rights in Switzerland from Mundipharma, as well as royalties payable to us (in the tiered double-digits) on Mundipharma's net sales in Switzerland.

FOLOTYN Development Liability

The fair value of the FOLOTYN Development Liability within the accompanying Consolidated Balance Sheets was estimated using the discounted income approach model. The unobservable inputs (i.e., "Level 3" inputs - see Note 2(xiii)) in this valuation model that have the most significant effect on these liabilities include (i) estimates of research and development personnel costs needed to perform the research and development services contractually required, (ii) estimates of expected cash outflows to third parties for these clinical services and supplies during the expected period of performance through 2031, and (iii) an appropriate discount rate for these expenditures. These inputs are reviewed by management on a quarterly basis for continued applicability.

We adjust this liability during each quarterly period, with corresponding adjustments for incurred costs recorded as credits to "research and development" expense in our accompanying Consolidated Statements of Operations.

	FOLOTYN	FOLOTYN	FOLOTYN
	Development	Development	Development
	Liability,	Liability,	Liability,
	Current	Long Term	Total
Balance at December 31, 2016	\$ 861	\$ 12,269	\$ 13,130
Transfer from long-term to current in 2017	158	(158) —

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(Less): Expenses incurred in 2017	(744)	—	(744)
Balance at December 31, 2017	\$ 275	\$ 12,111	\$ 12,386

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Notes to Consolidated Financial Statements

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

17. FINANCIAL COMMITMENTS & CONTINGENCIES AND LICENSE AGREEMENTS

(a) Facility Leases

We lease our principal executive office in Henderson, Nevada under a non-cancelable operating lease expiring April 30, 2019. We also lease our research and development facility in Irvine, California under a non-cancelable operating lease expiring May 31, 2019, in addition to several other administrative office leases. Each lease agreement contains scheduled rent increases which are accounted for on a straight-line basis. Our total rental expense in 2017, 2016, and 2015 was \$1.6 million, \$1.5 million, and \$1.7 million, respectively.

Our future minimum lease payments are as follows:

Year ending December 31,	Operating Lease Minimum Payments
2018	\$ 1,308
2019	553
2020	—
2021	—
2022	—
	\$ 1,861

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

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

Our most significant of these agreements, and the key financial terms and our accounting for each, are summarized below:

(i) ZEVALIN U.S.: In-Licensing and development in the U.S.

In December 2008, we acquired rights to commercialize and develop ZEVALIN in the U.S. as the result of a transaction with Cell Therapeutics, Inc. ("CTI") through our wholly-owned subsidiary, RIT Oncology LLC ("RIT"). In accordance with the terms of assumed contracts, we are required to meet specified payment obligations, including a milestone payment to Corixa Corporation of \$5 million based on ZEVALIN sales in the U.S. (the "Corixa Liability"). This milestone has not yet been met, and \$0.1 million for this potential milestone achievement is included within "acquisition-related contingent obligations" in our accompanying Consolidated Balance Sheets as of December 31, 2017 and December 31, 2016, respectively. Our U.S. net sales-based royalties are in the low to mid-single digits to Genentech, Inc. and mid-teens to Biogen Inc.

(ii) ZEVALIN Ex-U.S.: In-License and Asset Purchase Agreement with Bayer Pharma

In April 2012, through our wholly-owned subsidiary, Spectrum Pharmaceuticals Cayman, L.P., we completed a €19 million acquisition of licensing rights to market ZEVALIN outside of the U.S. from Bayer. ZEVALIN is currently approved in approximately 40 countries outside the U.S. for the treatment of B-cell NHL, including countries in Europe, Latin America, and Asia.

We amended the agreement in February 2016, which adjusted our tiered royalty to Bayer from the single-digits to 20%. The term of the agreement, as amended, continues until the expiration of the last-to-expire ZEVALIN patent in the relevant country, or 15 years from the date of first commercial sale of ZEVALIN in such country, whichever is longer.

(iii) ZEVALIN Ex-U.S.: Out-License Agreement with Dr. Reddy's

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

We executed an exclusive License Agreement with Dr. Reddy's Laboratories Ltd. ("Dr. Reddy's") in June 2014 for ZEVALIN distribution rights within India. The agreement term is 15 years from the receipt of pending approval of ZEVALIN from the Drug Controller General of India. In December 2014, upon our execution of a drug supply agreement, an upfront and non-refundable payment of \$0.5 million was triggered and paid to us in February 2015. The recognition of the applicable portion of this upfront receipt is reported on a straight line basis, within "license fees and service revenue" on the Consolidated Statements of Operations over a 10-year term through December 2024.

Additionally, sales and regulatory milestones, each aggregating \$1.5 million (for a total of \$3 million), are due to us when such milestones are achieved by Dr. Reddy's, as well as an ongoing 20% royalty on their net sales of ZEVALIN in India.

(iv) ZEVALIN Ex-U.S.: Out-License Agreement with Mundipharma

In November 2015, we entered into an out-license agreement with Mundipharma for their commercialization of ZEVALIN in Asia (excluding India and Greater China), Australia, New Zealand, Africa, the Middle East, and Latin America (including the Caribbean islands). In return, we received \$18 million (comprised of \$15 million received in December 2015 and \$3 million received in January 2016). Of these proceeds, \$15 million was recognized within "license fees and service revenue" in the fourth quarter of 2015. Of the \$3 million received in January 2016, \$1.2 million and \$1.8 million was recognized for the year ended December 31, 2017 and December 31, 2016, respectively, on our accompanying Consolidated Statement of Operations (this \$3 million payment was recognized in full by June 30, 2017).

Mundipharma is required to reimburse us for our payment of royalties due to Bayer from their net sales of ZEVALIN (see Note 17(b)(ii)). We are also eligible to receive an additional \$2 million upon Mundipharma's achievement of a specified sales milestone that, if/when achieved, will also be reported within "license fees and service revenue".

(v) FUSILEV: In-License Agreement with Merck & Cie AG

In May 2006, we amended and restated a license agreement with Merck & Cie AG ("Merck"), which we assumed in connection with our March 2006 acquisition of the assets of Targent, Inc. This provided us with an exclusive license to use regulatory filings related to FUSILEV, and a non-exclusive license under certain patents and know-how to develop, manufacture, and sell FUSILEV in the field of oncology in North America.

The contractual royalty percentage on our FUSILEV net sales due to Merck is set at the mid-single digits; however, in September 2017, we paid Merck \$2.6 million in full settlement of all royalty obligations under the agreement. We are no longer contractually obligated to pay Merck any royalties on our future net sales of FUSILEV, though we remain obligated to a \$0.2 million payment upon FDA approval of our oral form of FUSILEV. This regulatory milestone has not yet been met, and no amounts have been accrued in our accompanying Consolidated Balance Sheets for its potential achievement.

(vi) FOLOTYN: In-License Agreement with Sloan-Kettering Institute, SRI International and Southern Research Institute

In December 2002, Allos entered into an in-license agreement for the drug now marketed as FOLOTYN with Sloan-Kettering Institute for Cancer Research, SRI International, and Southern Research Institute. We assumed this agreement when we acquired Allos in September 2012. The agreement provides for our exclusive worldwide rights to a portfolio of patents and patent applications related to FOLOTYN, though we are required to fund certain drug development programs. In addition, we pay graduated royalties to our licensors based on our worldwide annual net sales of FOLOTYN (including our sub-licensees). These royalties are 8% of annual worldwide net sales up to \$150 million; 9% of annual worldwide net sales of \$150 million through \$300 million; and 11% of annual worldwide net sales in excess of \$300 million.

(vii) FOLOTYN: Out-License Agreement with Mundipharma

As a result of our acquisition of Allos (see Note 10(c)), we assumed “the Mundipharma Collaboration Agreement” as well as certain FOLOTYN clinical development obligations. Under the Mundipharma Collaboration Agreement, as amended (see Note 16), we retained full commercialization rights for FOLOTYN in the U.S. and Canada, with Mundipharma having exclusive rights to commercialize FOLOTYN in all other countries in the world, except in Europe and Turkey. We are contractually entitled to receive regulatory and sales milestone payments from Mundipharma upon its achievement of such milestones, which aggregate \$16 million and \$107 million, respectively, as well as tiered double-digit royalties on Mundipharma's net sales.

In July 2017, FOLOTYN was approved in Japan for the treatment of adult patients with relapsed or refractory peripheral T-cell lymphoma ("PTCL"). Consequently, we received \$3 million from Mundipharma in August 2017 for this milestone achievement. This amount was recognized within "license fees and service revenue" on our accompanying Consolidated Statements of Operations for the year ended December 31, 2017.

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

In August 2017, FOLOTYN was commercially launched in Japan. This triggered a contractual milestone of \$2.0 million from Mundipharma. This amount was recorded within "license fees and service revenue" on our accompanying Consolidated Statements of Operations for the year ended December 31, 2017.

(viii) EVOMELA: In-License Agreement with Cydex Pharmaceuticals, Inc.

In March 2013, we completed the acquisition of exclusive global development rights to EVOMELA from CyDex, a wholly-owned subsidiary of Ligand (see Note 10(b)), and assumed responsibility for its then-ongoing clinical and regulatory development program. We filed an NDA with the FDA in December 2015 for EVOMELA's use as a conditioning treatment prior to autologous stem cell transplant for patients with MM, and in March 2016, the FDA communicated its approval. Consequently, we made a \$6 million contractual milestone payment to Ligand in April 2016. This amount was reclassified from "IPR&D EVOMELA rights" to "EVOMELA distribution rights" and is presented within "intangible assets, net of accumulated amortization and impairment charges" (see Note 3(g)) within our accompanying Consolidated Balance Sheets as of December 31, 2017.

We are required to pay Ligand amounts of up to \$60 million (exclusive of the \$6.0 million milestone paid in April 2016), upon our achievement of specified net sales thresholds. We are also responsible to pay Ligand royalties of 20% on our net sales of EVOMELA in all territories.

(ix) MARQIBO: Acquisition of Talon Therapeutics, Inc. and Related Contingent Consideration Agreement

In July 2013, we completed the acquisition of Talon, through which we obtained exclusive global development and commercialization rights to MARQIBO (see Note 10(a)). As part of this acquisition, the former Talon stockholders have contingent financial rights that we have valued and presented on our accompanying Consolidated Balance Sheets as a \$6.2 million and \$1.3 million liability within "acquisition-related contingent obligations" as of December 31, 2017 and December 31, 2016, respectively. The maximum payout value of these contingent financial rights to the former Talon stockholders is \$195 million, assuming all sales and regulatory approval milestones are achieved by us. In addition, we are contractually obligated to pay royalties in the single digits on our net sales of MARQIBO and a portion of sublicensing revenue may be due upon our receipt of such revenue for MARQIBO.

(x) QAPZOLA: License Agreements with Allergan, Inc. and NDDO Research Foundation

In October 2008, we entered into an exclusive development and commercialization collaboration agreement with Allergan, Inc. ("Allergan") for QAPZOLA pursuant to which Allergan paid us an up-front non-refundable fee of \$41.5 million at execution (which we have recognized in full within "license fees and service revenue" by December 31, 2013).

Concurrently we also entered into a letter agreement with NDDO Research Foundation ("NDDO"), pursuant to which we agreed to pay NDDO the following in relation to QAPZOLA milestones: (a) upon FDA acceptance of our NDA, the issuance of 25,000 of our common shares (which occurred in March 2016 and the \$0.1 million value of these shares was included in "research and development" expense for the year ended December 31, 2016), and (b) upon FDA approval, a one-time payment of \$0.3 million (which has not yet been met, and no amounts have been accrued in our accompanying Consolidated Balance Sheets for its potential achievement).

In January 2013, we entered into a second amendment to the license, development, supply, and distribution agreement with Allergan. This amendment relieved Allergan of its development and commercialization obligations and resulted in our acquisition of its rights in the U.S., Europe, and other territories, in exchange for our agreement to pay a tiered single-digit royalty on our sales of certain products containing QAPZOLA.

(xi) QAPZOLA: Collaboration Agreement with Nippon Kayaku Co. LTD.

In November 2009, we entered into a collaboration agreement with Nippon Kayaku Co., LTD. ("Nippon Kayaku") for the development and commercialization of QAPZOLA in Asia, except North and South Korea (the "Nippon Kayaku Territory"). In addition, Nippon Kayaku received exclusive rights to QAPZOLA for the treatment of NMIBC in Asia (other than North and South Korea), including Japan and China. Nippon Kayaku will conduct QAPZOLA 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 QAPZOLA in the Nippon Kayaku Territory. Under the terms of this agreement, Nippon Kayaku paid us an upfront fee of \$15 million (which we recognized within “license fees and service revenue” in full by December 31, 2013). Under the terms of the agreement, we are entitled to receive \$10 million and \$126 million from Nippon Kayaku upon the achievement of certain regulatory and commercialization

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milestones, respectively (some of which are our responsibility to achieve). Nippon Kayaku is also obligated to pay us royalties on its net sales of QAPZOLA in the mid-teen digits.

(xii) BELEODAQ: In-License and Collaboration Agreement with Onxeo

In February 2010, we entered into an in-license and collaboration agreement with TopoTarget A/S (now Onxeo DK) (“Onxeo”), for the development and commercialization of BELEODAQ, as amended in October 2013. We paid Onxeo an upfront fee of \$30 million (and agreed to additional payments described below) for rights in North America and India, with an option for China. We are contractually obligated to pay royalties in the mid-teen digits on our net sales of BELEODAQ.

All development and studies of BELEODAQ are conducted under a joint development plan (of which we fund 70% and Onxeo funds 30%). We have the final decision-making authority for all developmental activities in North America and India (and China upon exercise of the option). Onxeo has final decision-making authority for all developmental activities in all other jurisdictions. In February 2014, upon FDA acceptance of our NDA, we were contractually obligated to issue Onxeo one million shares of our common stock and to make a \$10 million milestone payment. The aggregate value of this milestone at achievement was \$17.8 million, and was recognized within “research and development” expense in the first quarter of 2014.

In July 2014, we received approval from the FDA for BELEODAQ’s use for injection and treatment of relapsed or refractory PTCL. As a result, we made a second payment to Onxeo of \$25 million in November 2014. This amount was capitalized as “BELEODAQ distribution rights” and is presented within “intangible assets, net of accumulated amortization and impairment charges” (see Note 3(g)). We are also contractually obligated to pay Onxeo upon our achievements of other regulatory events and sales thresholds, up to \$88 million and \$190 million, respectively. These milestone amounts are not included within “total liabilities” in our accompanying Consolidated Balance Sheets.

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

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

In January 2016, the first patient was dosed with ROLONTIS in a clinical trial. This triggered our contractual milestone payment to Hanmi, and in April 2016, we (i) issued Hanmi 318,750 shares of our common stock, then valued at \$2.3 million, and (ii) remitted a \$0.4 million payment to the Internal Revenue Service (IRS) on their behalf for related tax obligations. This aggregate \$2.7 million was recognized within “research and development” expense in our accompanying Consolidated Statements of Operations for the year ended December 31, 2016. We are responsible for further contractual payments upon our achievement of regulatory and sales milestones, up to \$13 million and \$225 million, respectively. These amounts are not included within “total liabilities” in our accompanying Consolidated Balance Sheets.

(xiv) POZIOTINIB: In-License Agreement with Hanmi

In February 2015, we executed an in-license agreement with Hanmi for POZIOTINIB, a pan-HER inhibitor in Phase 2 clinical trials (which has also shown single agent activity in the treatment of various cancer types during Phase I studies, including breast, gastric, colorectal, and lung cancers), and made an upfront payment for these rights. This payment was recognized within “research and development” expense in the Consolidated Statements of Operations for the year ended December 31, 2015. We are also contractually obligated to pay Hanmi royalties in the low to mid-teen digits on our net sales of POZIOTINIB.

Under the terms of this agreement, we received the exclusive rights to commercialize POZIOTINIB, excluding Korea and China. Hanmi and its development partners are fully responsible for the completion of on-going Phase 2 trials in Korea. We are financially responsible for all other clinical studies. We are contractually obligated to make payments to Hanmi upon our achievement of certain regulatory and sales milestones, aggregating \$33 million and \$325 million, respectively. These amounts are not included within "total liabilities" in our accompanying Consolidated Balance Sheets.

(xv) ZEVALIN, FOLOTYN, BELEODAQ, and MARQIBO: Out-License Agreement with Servier in Canada
In January 2016, we out-licensed ZEVALIN, FOLOTYN, BELEODAQ, and MARQIBO to Servier (see Note 13). We received an aggregate \$6 million of upfront proceeds in the first quarter of 2016, which was recognized within "license fees and

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service revenue" in our accompanying Consolidated Statements of Operations for the year ended December 31, 2016. We are also entitled to milestone receipts (aggregating \$2.0 million) upon Servier's achievement of specific regulatory approvals, and a high single-digit royalty on its sales of these products.

(c) 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 agreements are varied and generally obligate us to pay in stages, depending on achievement of certain events specified in the agreements, 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 services received, with such accruals based on factors such as estimates of work performed, patient enrollment, completion of patient studies, and other events. Should we decide to discontinue and/or slow-down the work on any project, the associated costs for those projects would 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 thus avoid paying for the services that have not yet been rendered.

(d) Supply Agreements

We have entered into certain supply agreements, or have issued purchase orders, which require us to make minimum purchases from vendors for the manufacture of our products. These commitments do not exceed our planned commercial requirements, and the contracted prices do not exceed their fair market value.

(e) Employment Agreement

We previously entered into an employment agreement with our former Chief Executive Officer, Rajesh C. Shrotriya, M.D., under which cash compensation and benefits would become payable in the event of termination by us for any reason other than cause, his resignation for good reason, or upon a change in control of our Company. Effective December 17, 2017, Dr. Shrotriya's employment with the Company was terminated without cause in accordance with his employment agreement. We have accrued for all contractual amounts due and unpaid to Dr. Shrotriya as of December 31, 2017 within "accrued payroll and benefits" on the accompanying Consolidated Balance Sheets.

(f) Deferred Compensation Plan

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

The DC Plan is maintained to provide deferred compensation benefits for a select group of our employees (the "DC Participants"). Under the DC Plan, we provide the DC Participants with the opportunity to make annual elections to defer up to a specified amount or percentage of their eligible cash compensation, and we have the option to make discretionary contributions. At December 31, 2017, the aggregate DC Plan deferrals by employees and our discretionary contributions totaled \$11.0 million, of which \$5.1 million are included within "accounts payable and other accrued liabilities" and \$5.9 million are included within "other long-term liabilities" in the accompanying Consolidated Balance Sheets. At December 31, 2016, the aggregate DC Plan deferrals by employees and our discretionary contributions totaled \$8.4 million and were included within "other long-term liabilities" in the accompanying Consolidated Balance Sheets.

(g) Litigation

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

We make provisions for liabilities when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Such provisions are assessed at least quarterly and adjusted to reflect the impact of any settlement negotiations, judicial and administrative rulings, advice of legal counsel, and other information and events pertaining to a particular case. Litigation is inherently unpredictable. Although the ultimate resolution of these various matters cannot be

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

determined at this time, we do not believe that such matters, individually or in the aggregate, will have a material adverse effect on our consolidated results of operations, cash flows, or financial condition.

ANDA Litigation

In 2016 we concluded regulatory and ANDA litigation with respect to FUSILEV and FOLOTYN. All costs pertaining to these matters have been recognized within "selling, general and administrative" expenses on the accompanying Consolidated Statements of Operations.

Stockholder Litigation

Olutayo Ayeni v. Spectrum Pharmaceuticals, Inc., et al. (Filed September 21, 2016 in the United States District Court, Central District of California; Case No. 2:16-cv-07074) (the "Ayeni Action") and Glen Hartsock v. Spectrum Pharmaceuticals, Inc., et al. (Filed September 28, 2016 in the United States District Court, District Court of Nevada Case; No. 2:16-cv-02279-RFB-GWF) (the "Hartsock Action"). On November 15, 2016, the Ayeni Action was transferred to the United States District Court, District Court of Nevada. The parties have stipulated to a consolidation of the Ayeni Action with the Hartsock Action. These class action lawsuits allege that we and certain of our executive officers made false or misleading statements and failed to disclose material facts about our business and the prospects of approval for our NDA to the FDA for QAPZOLA in violation of Section 10(b) (and Rule 10b-5 promulgated thereunder) and 20(a) of the Securities Exchange Act of 1934, as amended. The plaintiffs seek damages, interest, costs, attorneys' fees, and other unspecified equitable relief. We believe that these claims are without merit, and intend to vigorously defend against these claims. Furthermore, the value of a potential settlement cannot be reasonably estimated given its highly uncertain nature as of December 31, 2017.

18. INCOME TAXES

The components of loss before provision for income taxes are as follows:

	For the Years Ended		
	December 31,		
	2017	2016	2015
United States	\$(109,678)	\$(69,976)	\$(58,411)
Foreign	1,652	(2,107)	6,175
Total	\$(108,026)	\$(72,083)	\$(52,236)

The (benefit) provision for income taxes consist of the following:

	For the Years Ended		
	December 31,		
	2017	2016	2015
Current:			
Federal	\$(10,608)	\$(2,001)	\$113
State	(940)	(216)	5
Foreign	7	8	148
	\$(11,541)	\$(2,209)	\$266
Deferred:			
Federal	(5,256)	(93)	114
State	19	(11)	26
Foreign	—	—	—
	(5,237)	(104)	140

Total income tax (benefit) provision \$(16,778) \$(2,313) \$406

The income tax (benefit) provision differs from that computed using the federal statutory rate applied to income before taxes as follows:

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

	For the Years Ended		
	December 31,		
	2017	2016	2015
Tax provision computed at the federal statutory rate	\$(37,809)	\$(25,217)	\$(18,269)
State tax, net of federal benefit	(1,849)	(307)	163
Research credits	(1,176)	(3,232)	(2,974)
Change in tax credit carryforwards	386	11,042	(4,965)
Officers compensation	(9,292)	1,196	1,577
Stock based compensation	(2,735)	588	535
Permanent items and other	1,450	12	(487)
Tax differential on foreign earnings	33	15	1,435
Change in tax rate	37,769	(744)	(903)
Refundable ATM credit	(1,336)	—	—
Change in FIN48 Reserve	(561)	—	—
Change in prior year deferred taxes	(1,218)	—	—
Valuation allowance	(440)	14,334	24,294
Income tax (benefit) provision	\$(16,778)	\$(2,313)	\$406

Significant components of our deferred tax assets and liabilities as of December 31, 2017 and 2016 are presented below. A valuation allowance has been recognized to offset the net deferred tax assets as realization of such deferred tax assets no longer meets the “more-likely-than-not” threshold under GAAP.

	December 31,	
	2017	2016
Deferred tax assets:		
Net operating loss carry forwards	\$60,771	\$57,404
Research credits	14,255	11,480
Stock based compensation	10,046	5,963
Deferred revenue	1,017	1,380
Development costs	4,143	7,180
Returns and allowances	1,636	2,178
Other, net	—	10,530
Total deferred tax assets before valuation allowance	91,868	96,115
Valuation allowance	(86,021)	(85,239)
Total deferred tax assets	5,847	10,876
Deferred tax liabilities:		
Basis difference in debt	(28)	(447)
Depreciation and amortization differences	(6,836)	(17,104)
Other, net	(421)	—
Net deferred tax liabilities	\$(1,438)	\$(6,675)

At December 31, 2017 and 2016, we recorded a valuation allowance of \$86.0 million and \$85.2 million, respectively. The valuation allowance increased by \$0.8 million and \$13.4 million during 2017 and 2016, respectively. The increase in the valuation allowance in 2017 and 2016 was due to an increase in net operating loss carryforwards from operating losses and the reversal of deferred tax liabilities from the financial statement amortization of intangible assets which have no basis.

We had federal and state net operating loss carryforwards of approximately \$257.2 million and \$138.4 million, at December 31, 2017, respectively. We have approximately \$8.3 million of foreign loss carryforwards that will begin to expire in 2022. The federal and state loss carry forwards began to expire in 2018, unless previously utilized. At December 31, 2017, we had federal and state tax credits of approximately \$11.0 million and \$4.1 million, respectively. The federal tax credit carryovers

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begin to expire in 2027 unless previously utilized. The state research and development credit carryforwards have an indefinite carryover period.

As a result of the prior ownership changes, the utilization of certain net operating loss and research and development tax credit carryforwards including those acquired in connection with the acquisition of Allos and Talon are subject to annual limitations under Sections 382 and 383 of the Internal Revenue Code of 1986 and similar state provisions. Any net operating losses or credits that would expire unutilized as a result of Section 382 and 383 limitations have been removed from the table of deferred tax assets and the accompanying disclosures of net operating loss and research and development carryforwards.

Accounting guidance clarifies the accounting for uncertain tax positions and prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Additionally, the authoritative guidance addresses the de-recognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized.

The following tabular reconciliation summarizes activity related to unrecognized tax benefits:

	For the Years Ended		
	December 31,		
	2017	2016	2015
Balance at beginning of year	\$3,271	\$4,498	\$1,944
Adjustments related to prior year tax positions	(39)	(1,638)	1,318
Increases related to current year tax positions	374	411	1,236
Decreases due to expiration of tax statutes	(891)	—	—
Balance at end of year	\$2,715	\$3,271	\$4,498

We continue to believe that our tax positions meet the more-likely-than-not standard required under the recognition phase of the authoritative guidance. However, we consider the amounts and probabilities of the outcomes that can be realized upon ultimate settlement with the tax authorities and determined unrecognized tax benefits primarily related to credits should be established as noted in the summary rollforward above.

Approximately \$0.2 million, \$0.7 million, and \$0.7 million of the total unrecognized tax benefits as of December 31, 2017, 2016, and 2015, respectively, would reduce our annual effective tax rate if recognized. Additional amounts in the summary rollforward could impact our effective tax rate if we did not maintain a full valuation allowance on our net deferred tax assets.

We do not expect our unrecognized tax benefits to change significantly over the next 12 months. With a few exceptions, we are no longer subject to U.S. federal, state and local income tax examinations for years before 2013. Our policy is to recognize interest and/or penalties related to unrecognized tax benefits in income tax expense in the consolidated statements of operations.

On January 1, 2017, we adopted ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, on a modified prospective basis. Under ASU 2016-09, differences between the tax deduction for share based awards and the related compensation expenses recognized under ASC 718 are now accounted for as a component of the provision for income taxes. In addition, ASU 2016-09 eliminated the requirement that excess tax benefits from share based compensation reduce taxes payable prior to being recognized in the financial statements. As of December 31, 2016, we had cumulative excess benefits related to share based compensation of \$2.7 million which had not been reflected as a deferred tax asset. As a result of the adoption of ASU 2016-09, the excess benefits were reclassified to our net operating loss carryover resulting in an increase in our deferred tax assets and valuation allowance of \$2.7 million as of January 1, 2017. There is no impact to retained earnings as a result of the adoption of ASU 2016-09 on January 1, 2017.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act, or the Tax Act. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning in 2018, the transition of U.S international taxation from a worldwide tax system to a territorial system, which includes a new federal tax on global intangible low-taxed income (Global Minimum Tax or GMT), and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. The

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Notes to Consolidated Financial Statements

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

Company has calculated its best estimate of the impact of the Tax Act in its 2017 income tax provision in accordance with its understanding of the Tax Act and guidance available as of the date of this filing.

In addition, the SEC Staff issued SAB 118, which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

Our accounting for the following elements of the Tax Act is incomplete. However, we were able to make reasonable estimates of certain effects and, therefore, recorded provisional adjustments. The provisional amounts described below are subject to revisions as we complete our analysis of the Tax Act, collect data, and interpret any additional guidance issued by the U.S. Treasury Department, Internal Revenue Service, or IRS, FASB, and other standard-setting and regulatory bodies. Adjustments to the provisional amounts may materially impact our consolidated income tax provision (benefit) and effective tax rates in the period(s) in which such adjustments are made. Our accounting for the tax effects of the Tax Act will be completed during the one-year measurement period.

Reduction of US federal corporate tax rate: For certain of its deferred tax assets and deferred tax liabilities, we have recorded a provisional decrease in net deferred tax assets of \$38.9 million, with a corresponding decrease in the valuation allowance of \$41.4 million and a benefit to income tax expense of \$2.5 million for the year ended December 31, 2017. This provisional estimate may be affected by other analysis related to the Tax Act, including, but not limited to, the state tax effect of adjustments made to federal temporary differences.

Deemed Repatriation Transition Tax: Based upon our preliminary analysis, we have concluded that a net accumulated E&P deficit exists as of December 31, 2017 for our foreign subsidiaries. As a result, we did not accrue any provisional transition tax liabilities. We will continue to gather additional and perform additional analysis to more precisely determine past foreign earnings and related taxes and will update our provisional estimate with respect to the transition tax liability when such work is completed within the one-year measurement period.

Valuation allowance: The Tax Act limits the amount taxpayers are able to deduct for net operating loss carryforwards generated in taxable years beginning after December 31, 2017 to 80% of the taxpayer's taxable income. However, net operating loss carryforwards generated in taxable years ending after December 31, 2017 can be carried forward indefinitely. A taxable temporary difference associated with an indefinite-lived asset is generally considered to be a source of taxable income to support realization of a net operating loss with an unlimited carryforward period. Due to the restriction on the ability to use the net operating loss with unlimited carryforward periods arising in taxable years beginning after December 31, 2017, only 80% of the indefinite-lived taxable temporary difference would serve as a source of taxable income. As a result, the valuation allowance decreased by \$2.9 million related to the 80% utilization of the indefinite-lived taxable temporary as a source of taxable income.

Under U.S. GAAP, we are allowed to make an accounting policy choice with respect to the GMT of either (1) treating taxes due on future U.S. inclusions in taxable income related to GMT as a current-period expense when incurred or (2) as a component of deferred income taxes. We will make our accounting policy election for this item when our analysis is complete, during the measurement period.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected quarterly financial data (unaudited) for the year ended December 31, 2017 and 2016 is presented below (see Note 20 for a discussion of certain immaterial corrections for stock-based compensation affecting the presented amounts below):

Notes to Consolidated Financial Statements

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

	Quarter Ended (Unaudited)							
	March 31,		June 30,		September 30,		December 31,	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
2017								
Total revenues	\$29,101	\$29,101	\$34,301	\$34,301	\$36,395	\$36,395	\$28,570	
Operating loss	\$(21,329)	\$(21,909)	\$(18,225)	\$(18,609)	\$(15,470)	\$(15,054)	\$(41,088))
Net loss	\$(22,967)	\$(23,547)	\$(20,468)	\$(20,852)	\$(18,709)	\$(18,293)	\$(28,556))
Net loss per share, basic and diluted	\$(0.29)	\$(0.30)	\$(0.26)	\$(0.27)	\$(0.22)	\$(0.22)	\$(0.29))

	Quarter Ended (Unaudited)							
	March 31,		June 30,		September 30,		December 31,	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
2016								
Total revenues	\$43,866	\$43,866	\$33,949	\$33,949	\$33,393	\$33,393	\$35,236	\$35,236
Operating loss	\$(6,283)	\$(6,492)	\$(22,081)	\$(22,282)	\$(15,996)	\$(16,181)	\$(17,269)	\$(17,931)
Net loss	\$(9,321)	\$(9,530)	\$(24,295)	\$(24,496)	\$(17,455)	\$(17,640)	\$(17,442)	\$(18,104)
Net loss per share, basic and diluted	\$(0.14)	\$(0.15)	\$(0.35)	\$(0.36)	\$(0.22)	\$(0.22)	\$(0.22)	\$(0.23)

Net loss per basic and diluted shares are computed independently for each of the quarters presented based on basic and diluted shares outstanding per quarter and, therefore, may not sum to the totals for the year.

20. IMMATERIAL RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

Subsequent to the issuance of our unaudited interim financial statements for the quarter and year-to-date periods ended September 30, 2017, management identified certain immaterial errors within previously reported operating expense captions of “selling, general, and administrative” and “research and development” that solely relate to our stock-based compensation recognition (see Note 6). These errors were primarily the result of an improper system setting during our implementation of a new stock-based compensation software in 2012. Consequently, incremental expense for the reversal of previously applied forfeiture estimates was not timely recognized upon the full vesting of each award, as required; this error persisted through September 30, 2017. We considered these errors from a qualitative and quantitative perspective, and concluded they are not material. We have restated our accompanying Consolidated Financial Statements to correct for these immaterial errors for all annual periods presented, as well as the interim financial information (unaudited) presented within Note 19.

Restatement of Consolidated Balance Sheet as of December 31, 2016:

	As Previously Reported	As Restated
Additional paid-in capital	\$640,166	\$648,384
Accumulated deficit	\$(402,641)	\$(410,859)
Total stockholders' equity	\$236,026	\$236,026

Notes to Consolidated Financial Statements

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

Restatement of Consolidated Statements of Operations for the years ended December 31, 2016 and 2015:

	Year Ended December 31,			
	2016		2015	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Operating costs and expenses:				
Selling, general and administrative	\$87,347	\$88,418	\$86,514	\$88,064
Research and development	58,936	59,123	50,766	51,073
Total operating costs and expenses	208,072	209,330	203,288	205,145
Loss from operations	(61,628)	(62,886)	(40,732)	(42,589)
Loss before income taxes	(70,825)	(72,083)	(50,379)	(52,236)
Net loss	\$(68,512)	\$(69,770)	\$(50,785)	\$(52,642)
Net loss per share:				
Basic	\$(0.94)	\$(0.96)	\$(0.78)	\$(0.81)
Diluted	\$(0.94)	\$(0.96)	\$(0.78)	\$(0.81)

Restated Consolidated Statements of Comprehensive Loss for the years ended December 31, 2016 and 2015:

	Year Ended December 31,			
	2016		2015	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Net loss	\$(68,512)	\$(69,770)	\$(50,785)	\$(52,642)
Total comprehensive loss	\$(64,772)	\$(66,030)	\$(55,254)	\$(57,111)

The Consolidated Statements of Stockholders' Equity for the years ended December 31, 2016 and 2015 have also been restated to include the changes to net loss and additional paid-in capital, as noted above, as well as a prior period adjustment of \$5.1 million to beginning "accumulated deficit" and "additional paid-in capital" as of January 1, 2015.

Other than for the correction to net loss and stock-based compensation, the restatement adjustments had no impact on cash flows from operating, investing, or financing activities for the years ended December 31, 2016 and 2015. Furthermore, such restatement adjustments had no impact to total assets, total liabilities or total stockholders' equity.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Our principal executive officer and principal financial officer have provided certifications filed as Exhibits 31.1 and 32.1, and 31.2, and 32.2, respectively. Such certifications should be read in conjunction with the information contained in this Item 9A for a more complete understanding of the matters covered by those certifications.

(a) Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial

statements for external purposes in accordance with GAAP. This process includes those policies and procedures (i) that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) that receipts and expenditures are being made only in accordance with authorizations of our management and directors; (iii) that provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements; and (iv) that provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013 framework) (“2013 COSO”).

Based on our management’s assessment, we have concluded that as of December 31, 2017, our internal control over financial reporting was effective, as evaluated under the 2013 COSO criteria. Our independent registered public accounting firm, Deloitte & Touche LLP, has issued a report on our internal control over financial reporting.

Deloitte & Touche LLP’s report appears within Item 9A in this Annual Report on Form 10-K and expresses an unqualified opinion on the effectiveness of our internal control over financial reporting.

(b) Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2017, pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures, as of such date, were effective.

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fiscal fourth quarter of the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and Board of Directors of Spectrum Pharmaceuticals, Inc.
Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Spectrum Pharmaceuticals, Inc. and subsidiaries (the “Company”) as of December 31, 2017, based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework (2013) issued by COSO. We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated March 7, 2018 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP
Costa Mesa, California
March 7, 2018

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Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item is incorporated by reference from our definitive proxy statement related to our 2017 Annual Meeting of Stockholders, or the Proxy Statement, to be filed pursuant to Regulation 14A, on or before April 30, 2018.

Item 11. Executive Compensation

The information required under this item is incorporated herein by reference from the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required under this item is incorporated herein by reference from the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required under this item is incorporated herein by reference from the Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required under this item is incorporated herein by reference from the Proxy Statement.

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Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Schedules

The following financial statements and schedules listed below are included in this Annual Report on Form 10-K:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2017 and 2016

Consolidated Statements of Operations for the years ended December 31, 2017, 2016, and 2015

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2017, 2016, and 2015

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017, 2016, and 2015

Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016, and 2015

Notes to the Consolidated Financial Statements

Schedule II – Valuation and Qualifying Accounts for the years ended December 31, 2017, 2016, and 2015

(All other schedules are omitted, as required information is either not applicable or the information is presented in the consolidated financial statements).

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SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 2017, 2016, and 2015

Description	Additions (Reductions)		Charged to Other Accounts	Deductions (1)	Balance at End of Period
	Balance at Beginning of Period	Additions (Recovery) to Bad Debt Expense			
(in thousands)					
December 31, 2017					
Allowance for doubtful accounts	\$ 88	\$ (17)	\$ —	\$ —	\$ 71
December 31, 2016					
Allowance for doubtful accounts	\$ 120	\$ 57	\$ —	\$ (89)	\$ 88
December 31, 2015					
Allowance for doubtful accounts	\$ 120	\$ —	\$ —	\$ —	\$ 120

(1) Deductions represent the actual write-off of accounts receivable balances.

(b) Exhibits

The following is a list of exhibits required by Item 601 of Regulation S-K filed as part of this Annual Report on Form 10-K. For exhibits that previously have been filed, the Company incorporates those exhibits herein by reference. The exhibit table below includes the Form Type and Filing Date of the previous filing and the original exhibit number in the previous filing which is being incorporated by reference herein.

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	<u>Asset Purchase Agreement, dated August 15, 2007, by and between Cell Therapeutics, Inc. and Biogen Idec Inc.</u>	8-K	001-12465	10.1	8/21/07	
2.2	<u>First Amendment to Asset Purchase Agreement, dated December 9, 2008, by and between Cell Therapeutics, Inc. and Biogen Idec Inc.</u>	10-K	001-12465	10.48	3/16/09	
2.3#	<u>License and Asset Purchase Agreement, dated January 23, 2012, by and between Spectrum Pharmaceuticals Cayman, L.P. and Bayer Pharma AG.</u>	10-Q	001-35006	10.1	5/4/17	
2.4#	<u>Amendment to License and Asset Purchase Agreement, dated February 29, 2016, by and between Spectrum Pharmaceuticals Cayman, L.P. and Bayer Pharma AG.</u>	10-Q	001-35006	2.1	5/6/16	
2.5	<u>Agreement and Plan of Merger, dated April 4, 2012, by and among Spectrum Pharmaceuticals, Inc., Sapphire Acquisition Sub. Inc. and Allos Therapeutics, Inc., including a Form of Contingent Value Rights Agreement and a Form</u>	8-K	001-35006	2.1, 2.2, and 2.3	4/5/12	

of Tender and Voting Agreement.

- | | | | | |
|-----|---|-----|--------------|---------|
| 2.6 | <u>Securities Purchase Agreement, dated July 16, 2013, by and among Spectrum Pharmaceuticals, Inc., Eagle Acquisition Merger Sub, Inc., certain entities affiliated with Warburg Pincus & Co. and certain entities affiliated with Deerfield Management, LLC.</u> | 8-K | 001-350062.1 | 7/19/13 |
| 2.7 | <u>Stock Purchase Agreement, dated July 16, 2013, by and among Spectrum Pharmaceuticals, Inc., Eagle Acquisition Merger Sub, Inc. and Talon Therapeutics, Inc.</u> | 8-K | 001-350062.2 | 7/19/13 |
| 2.8 | <u>Contingent Value Rights Agreement, dated July 16, 2013, by and among Spectrum Pharmaceuticals, Inc., Talon Therapeutics, Inc. and Corporate Stock Transfer Inc. as rights agent.</u> | 8-K | 001-350062.3 | 7/19/13 |

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	<u>Exchange Agreement, dated July 16, 2013, by and among Talon Therapeutics, Inc. and certain entities affiliated with Deerfield Management, LLC, including the Registration Rights Agreement by and among Spectrum Pharmaceuticals, Inc. and certain entities affiliated with Deerfield Management, LLC, as Exhibit A thereto.</u>	8-K	001-350062.4	7/19/13
2.9				
3.1	<u>Certificate of Incorporation, as amended through June 24, 2011.</u>	10-K	001-350063.1	3/2/12
3.2	<u>Second Amended and Restated Bylaws of Spectrum Pharmaceuticals, Inc.</u>	8-K	001-350063.2	8/8/12
	<u>Rights Agreement, dated December 13, 2010, between Spectrum Pharmaceuticals, Inc. and ComputerShare Trust Company, N.A. (formerly U.S. Stock Transfer Corporation), as Rights Agent, which includes as Exhibit A thereto the form of Certificate of Designation for the Series B Junior Participating Preferred Stock, as Exhibit B thereto the Form of Rights Certificate and as Exhibit C thereto a Summary of Rights of Stockholder Rights Plan.</u>	8-K	000-287824.1	12/13/10
4.1				
4.2	<u>First Amendment to Rights Agreement, dated October 13, 2017, by and between Spectrum Pharmaceuticals, Inc. and Computershare Trust Company, N.A., as Rights Agent.</u>	8-K	001-350064.1	10/13/17
4.3	<u>Registration Rights and Stockholder Agreement, dated February 2, 2010, by and between Spectrum Pharmaceuticals, Inc. and Topotarget A/S.</u>	10-K	001-350064.2	3/12/14
4.4	<u>Indenture, dated December 23, 2013, by and between Spectrum Pharmaceuticals, Inc. and Wilmington Trust, National Association.</u>	8-K	001-350064.1	12/23/13
4.5	<u>Form of Note for Spectrum Pharmaceuticals, Inc.'s 2.75% Convertible Senior Notes due 2018 (included in Exhibit A to the Indenture).</u>	8-K	001-350064.1	12/23/13
10.1	<u>Sublease Agreement, dated December 2, 2010, between Spectrum Pharmaceuticals, Inc. and Del Webb Corporation.</u>	10-K	001-3500610.1	3/10/11
10.2	<u>First Amendment to Sublease Agreement, dated November 16, 2011, between Spectrum Pharmaceuticals, Inc. and Del Webb Corporation.</u>	10-K	001-3500610.2	3/2/12
10.3	<u>Second Amendment to Sublease Agreement, dated November 12, 2012, between Spectrum Pharmaceuticals, Inc. and Del Webb Corporation.</u>	10-K	001-3500610.102/28/13	
10.4	<u>Industrial Lease Agreement, dated January 16, 1997, between Spectrum Pharmaceuticals, Inc. and the Irvine Company.</u>	10-KSB	000-2878210.11	3/31/97
10.5	<u>First Amendment, dated March 25, 2004, to Industrial Lease Agreement dated January 16, 1997 by and between Spectrum Pharmaceuticals, Inc. and the Irvine Company.</u>	10-Q	000-2878210.1	5/17/04
10.6		10-K	001-3500610.6	3/12/14

	<u>Second Amendment, dated March 7, 2006, to Industrial Lease Agreement dated January 16, 1997 by and between Spectrum Pharmaceuticals, Inc. and the Irvine Company.</u>		
10.7	<u>Third Amendment, dated February 12, 2006, to Industrial Lease Agreement dated January 16, 1997 by and between Spectrum Pharmaceuticals, Inc. and the Irvine Company.</u>	10-K	001-3500610.7 3/12/14
10.8	<u>Fourth Amendment, dated July 29, 2009, to Industrial Lease Agreement dated January 16, 1997 by and between Spectrum Pharmaceuticals, Inc. and the Irvine Company.</u>	10-K	000-2878210.294/5/10
10.9	<u>Fifth Amendment, dated November 21, 2013, to Industrial Lease Agreement dated January 16, 1997 by and between Spectrum Pharmaceuticals, Inc. and the Irvine Company.</u>	10-K	001-3500610.9 3/12/14
10.10	<u>Sixth Amendment, dated January 31, 2014, to Industrial Lease Agreement dated January 16, 1997 by and between Spectrum Pharmaceuticals, Inc. and the Irvine Company.</u>	10-K	001-3500610.103/12/14
10.11	<u>Lease Agreement, dated April 7, 2014, by and between Spectrum Pharmaceuticals, Inc. and 11500 South Eastern Avenue, LLC.</u>	10-Q	001-3500610.1 8/8/14
10.12	<u>Preferred Stock and Warrant Purchase Agreement, dated September 26, 2003, by and among Spectrum Pharmaceuticals, Inc. and the purchasers listed on Schedule 1 attached thereto.</u>	8-K	000-2878210.1 9/30/03

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10.13*	<u>Form of Stock Option Agreement under the 2003 Amended and Restated Incentive Award Plan.</u>	8-K	000-28782	10.1	12/17/04
10.14*	<u>Form of Non-Employee Director Stock Option Agreement under the 2003 Amended and Restated Incentive Award Plan.</u>	10-Q	000-28782	10.5	5/10/05
10.15*	<u>2003 Amended and Restated Incentive Award Plan.</u>	8-K	000-28782	10.1	7/2/09
10.16*	<u>Amendment No. 1 to 2003 Amended and Restated Incentive Award Plan.</u>	10-Q	001-35006	10.1	11/6/15
10.17*	<u>Deferred Compensation Plan</u>	S-8	333-1766814.1		9/6/11
10.18*	<u>Executive Employment Agreement entered into June 20, 2008 and effective as of January 2, 2008 by and between Spectrum Pharmaceuticals, Inc. and Dr. Rajesh C. Shrotriya.</u>	8-K	000-28782	10.1	6/26/08
10.19*	<u>First Amendment to Executive Employment Agreement, dated April 17, 2014, by and between Spectrum Pharmaceuticals, Inc. and Dr. Rajesh C. Shrotriya.</u>	10-Q	001-35006	10.2	8/8/14
10.20*	<u>Form of Change in Control Severance Agreement.</u>	8-K	001-35006	10.1	3/31/14
10.21*	<u>First Amendment to Change in Control Severance Agreement, dated February 18, 2015, by and between Spectrum Pharmaceuticals, Inc. and Joseph W. Turgeon.</u>	10-K	001-35006	10.22	3/14/16
10.22*	<u>Second Amendment to Change in Control Severance Agreement, dated August 6, 2015, by and between Spectrum Pharmaceuticals, Inc. and Joseph W. Turgeon.</u>	10-Q	001-35006	10.2	8/7/15
10.23*	<u>Form of Indemnity Agreement of Spectrum Pharmaceuticals, Inc.</u>	10-K	000-28782	10.32	3/31/09
10.24*	<u>2009 Employee Stock Purchase Plan.</u>	S-8	333-16031299.1		6/29/09
10.25*	<u>2009 Incentive Award Plan.</u>	S-8	333-16031299.2		6/29/09
10.26*	<u>Term Sheet for 2009 Incentive Award Plan Stock Option Award.</u>	10-Q	000-28782	10.8	8/13/09
10.27*	<u>Term Sheet for 2009 Incentive Award Plan, Nonqualified Stock Option Award Awarded to Non-Employee Directors (Revised July 2012).</u>	10-Q	001-35006	10.2	11/9/12
10.28*	<u>Term Sheet for 2009 Incentive Award Plan, Restricted Stock Award.</u>	10-Q	000-28782	10.10	8/13/09
10.29*	<u>Amendment No. 1 to 2009 Incentive Award Plan.</u>	10-Q	001-35006	10.2	11/6/15
10.30*	<u>Form of Performance Unit Award Agreement under 2009 Incentive Award Plan</u>	10-Q	001-35006	10.2	5/4/17

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10.31*	<u>License and Collaboration Agreement, dated February 2, 2010, by and between Spectrum Pharmaceuticals, Inc. and Topotarget A/S.</u>	10-K	000-28782	10.37	4/5/10
10.32#	<u>Amendment to License and Collaboration Agreement, dated October 3, 2013, by and between Spectrum Pharmaceuticals, Inc. and Topotarget A/S.</u>	8-K/A	001-35006	99.1	11/18/13
10.33#	<u>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.</u>	10-Q/A	000-29815	10.1	8/17/12
10.34#	<u>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.</u>	10-K	000-29815	10.13.13	1/10

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10.35#	<u>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.</u>	10-Q000-29815	10.3	8/4/11	
10.36#	<u>Amended and Restated License, Development and Commercialization Agreement, dated May 29, 2013, by and between Allos Therapeutics, Inc. and Mundipharma International Corporation Limited.</u>	10-Q001-35006	10.1	8/9/13	
10.36#	<u>First Amendment to Amended and Restated License, Development and Commercialization Agreement, dated May 29, 2015, by and between Allos Therapeutics, Inc. and Mundipharma International Corporation Limited.</u>	10-Q001-35006	10.1	8/7/15	
10.37#	<u>Amended and Restated Supply Agreement, dated May 29, 2013, by and between Allos Therapeutics, Inc. and Mundipharma Medical Company.</u>	10-Q001-35006	10.2	8/9/13	
10.38	<u>License Agreement, dated December 21, 2007, by and between Biogen Idec Inc. and Cell Therapeutics, Inc.</u>	10-Q001-35006	10.8	11/9/12	
10.39	<u>License-Back Agreement, dated December 21, 2007, by and between Biogen Idec Inc. and Cell Therapeutics, Inc.</u>	10-Q001-35006	10.9	11/9/12	
10.40#	<u>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.</u>	10-Q001-35006	10.11	11/9/12	
10.41#	<u>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.</u>				X
10.42	<u>Security Agreement, dated December 15, 2008, by and between RIT Oncology, LLC and Biogen Idec Inc.</u>	10-K001-35006	10.35	3/10/11	
10.43#	<u>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 Spectrum Pharmaceuticals, Inc.</u>	10-Q001-35006	10.14	11/9/12	
10.44	<u>License Agreement, dated May 23, 2006, by and between Merck Eprova AG and Spectrum Pharmaceuticals, Inc.</u>	10-Q001-35006	10.16	11/9/12	
10.45	<u>First Amendment to License Agreement, dated June 20, 2014, by and between Spectrum Pharmaceuticals, Inc. and Merck Eprova AG.</u>	8-K 001-35006	99.1	6/26/14	
10.46	<u>Manufacturing and Supply Agreement, dated May 23, 2006, by and between Merck Eprova AG and Spectrum Pharmaceuticals, Inc.</u>	10-Q001-35006	10.17	11/9/12	
10.47#		10-Q001-35006	10.1	5/9/13	

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License Agreement, dated March 8, 2013, by and between Spectrum Pharmaceuticals, Inc. and CyDex Pharmaceuticals, Inc.

- 10.48 Purchase Agreement, dated December 17, 2013, by and among Spectrum Pharmaceuticals, Inc., Jefferies LLC and RBC Capital Markets, LLC. 8-K 001-35006 10.1 12/23/13
- 10.49 Base Call Option Transaction Confirmation, dated as of December 17, 2013, by and between Spectrum Pharmaceuticals, Inc. and Royal Bank of Canada. 8-K 001-35006 10.2 12/23/13
- 10.50 Base Warrant Transaction Confirmation, dated December 17, 2013, by and between Spectrum Pharmaceuticals, Inc. and Royal Bank of Canada. 8-K 001-35006 10.3 12/23/13
- 10.51 Additional Call Option Transaction Confirmation, dated December 20, 2013, by and between Spectrum Pharmaceuticals, Inc. and Royal Bank of Canada. 8-K 001-35006 10.4 12/23/13
- 10.52 Additional Warrant Transaction Confirmation, dated December 20, 2013, by and between Spectrum Pharmaceuticals, Inc. and Royal Bank of Canada. 8-K 001-35006 10.5 12/23/13
- 10.53# Co-Promotion Agreement, dated November 4, 2015, by and between Eagle Pharmaceuticals, Inc. and Spectrum Pharmaceuticals, Inc. 10-K 001-35006 10.54 3/14/16

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10.54#	<u>License and Asset Purchase Agreement, dated November 16, 2015, by and between Spectrum Pharmaceuticals Cayman, L.P. and Mundipharma International Corporation Limited, dated November 16, 2015.</u>	10-K/A001-35006	10.553/14/16	
10.55#	<u>Supply Agreement, dated November 16, 2015, by and between Spectrum Pharmaceuticals Cayman, L.P. and Mundipharma Medical Company, dated November 16, 2015.</u>	10-K	001-35006	10.563/14/16
10.56	<u>At Market Issuance Sales Agreement dated December 23, 2015, by and among Spectrum Pharmaceuticals, Inc., FBR Capital Markets & Co., MLV & Co. LLC and H.C. Wainwright & Co., LLC.</u>	S-3	333-2087601.2	12/23/15
10.57	<u>At Market Issuance Sales Agreement, dated August 4, 2017, between Spectrum Pharmaceuticals, Inc., H.C. Wainwright & Co., LLC, FBR Capital Markets & Co. and MLV & Co. LLC.</u>	8-K	001-35006	1.1 8/4/17
21.1	<u>Subsidiaries of Registrant.</u>			X
23.1	<u>Consent of Independent Registered Public Accounting Firm (Deloitte & Touche LLP).</u>			X
24.1	<u>Power of Attorney (included in the signature page)</u>			X
31.1	<u>Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.</u>			X
31.2	<u>Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.</u>			X
32.1	<u>Certification of Principal Executive Officer, pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.</u>			X
32.2	<u>Certification of Principal Financial Officer, pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.</u>			X
101.INS	XBRL Instance Document			X
101.SCH	XBRL Taxonomy Extension Schema Document			X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document			X

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document X

* Indicates a management contract or compensatory plan or arrangement.

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.

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Item 16. Form 10-K Summary

None.

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