

SPECTRUM PHARMACEUTICALS (SPPI)

Price:	\$11.28	Price/Book:	2.43	Net Tang. Asset Yr. 5/Share:	\$7.73
Market Cap:	\$671,611,200	EV/FCF:	11.92	Avg. Year FCF/Share:	\$0.90
Cash:	\$146,590,000	Net Tang. Asset/Share:	\$4.18	Year 5 Disposition FCF Multipl:	3.0
Debt:	\$0	Avg. Year 1-5 FCF/Share:	\$0.90	Year 5 Disposition Price:	\$10.44
Net Cash:	\$146,590,000	5 Years of FCF:	\$4.52	Gain Year 5:	\$6.26
Enterprise Value:	\$525,021,200	Net Tang. Asset+5 FCF:	\$8.70		
		Net Tang. Asset+5 FCF+ Gain Disposition:			\$14.96
		IRR:			5.81%
Target Market Cap:	\$890,762,441				
Target Enterprise Value:	\$744,172,441				

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We are a biotechnology company with fully integrated commercial and drug development operations with a primary focus in hematology and oncology. Our strategy is comprised of acquiring, developing and commercializing a broad and diverse pipeline of late-stage clinical and commercial products. In the United States, or the U.S., we market two oncology drugs, ZEVALIN® and FUSILEV® and have two drugs, apaziquone and belinostat, in late stage development along with a diversified pipeline of novel drug candidates. In January 2012 we entered into an agreement to acquire licensing rights to market ZEVALIN outside of the U.S. ZEVALIN is currently approved for sale in more than 40 countries.

Company Name:	SPECTRUM PHARMACEUTICALS	Market Capitalization:	\$671,611,200.00	Revenue:	\$250,580,000.00	100.0%
Ticker Symbol:	SPPI	Total Debt:	\$0.00	Cost of Goods Sold:	\$91,460,000.00	36.5%
Last Price:	\$11.28	Total Cash:	\$146,590,000.00	Gross Profit:	\$159,120,000.00	63.5%
Net Cash/Share:	\$2.46	Net Cash/(Debt):	\$146,590,000.00	EBITDA:	\$87,010,000.00	34.7%
Net Cash to Last Price:	21.83%	Enterprise Value:	\$525,021,200.00	Net Income:	\$94,210,000.00	37.6%
Shares Outstanding:	59,540,000	Current EV/Share:	\$8.82			
Industry:	Biotechnology	EBITDA:	\$64,500,000.00			
Sector:	Healthcare	EV/EBITDA Multiple:	8.14			
		EV/EBITDA Multiple Average Year 1-5:	7.01			
		EV/FCF Multiple:	11.92			
		EV/FCF Multiple Average Year 1-5:	9.76			
Institutional Ownership:	#VALUE!					
Mutual Fund Ownership:	#VALUE!					
Insider Ownership:	#VALUE!					
Retail Ownership:	#VALUE!					
Float:	#VALUE!					
		Upper Range				
		DCF: EV/EBITDA Terminal Value				
		Implied TV from 3 X EV/EBITDA Multiple	\$282,656,250.00			
		Enterprise Value	\$282,656,250.00			
		Cash at Year 5:	\$415,664,845.70			
		Debt at Year 5:	\$0.00			
		Equity Value Year 5:	\$698,321,095.70			
		Equity/Share at Year 5:	\$11.73			
		Annualized Return:	0.78%			
		Lower Range				
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value				
		Year 5 Net Tangible Assets excluding cash and debt	-\$14,690,000.00			
		Enterprise Value	-\$14,690,000.00			
		Cash at Year 5:	\$415,664,845.70			
		Debt at Year 5:	\$0.00			
		Equity Value Year 5:	\$400,974,845.70			
		Equity/Share at Year 5:	\$6.73			
		Annualized Return:	-9.80%			
		EVA				
		EVA today:	\$300,178,116.74			
		EVA in 5 Years:	\$341,359,223.79			
		EVA/Share:	\$5.73			
		Cash at Year 5:	\$415,664,845.70			
		Debt at Year 5:	\$0.00			
		Equity Value Year 5:	\$757,024,069.50			
		Equity/Share at Year 5:	\$12.71			
		Annualized return	2.60%			
		Current Net Tangible Asset				
		Net Tangible Asset/Share:	\$0.75			
		Net Tangible Asset/Share in Year 5:	\$4.29			
		Annualized return	41.85%			
		Current Equity Price:	\$11.28			
		Selling at Discount?	Premium			
		Appreciation Potential:	-93.37%			
		Dividend Model				
		Next Year Dividend	\$0.00			
		WACC:	11.00%			
		Dividend:	\$0.00			
		Net Income:	\$94,210,000.00			
Income Statement						
		Balance Sheet				
		Cash:	\$143,280,000.00			
		Short Term Investment:	\$3,310,000.00			
		A/R:	\$90,940,000.00			
		PP&E:	\$3,000,000.00			
		Assets:	\$509,550,000.00			
		A/P:	\$9,800,000.00			
		Deferred Tax:	\$590,000.00			
		Other Liabilities:	\$220,050,000.00			
		Short term Debt:	\$0.00			
		Long Term Debt:	\$0.00			
		Liabilities:	\$230,440,000.00			
		Retained Earnings:	-\$187,830,000.00			
		Paid-In Capital:	\$466,710,000.00			
		Treasury Stock:	-\$2,930,000.00			
		Stockholder's Equity:	\$275,840,000.00			
		Cash Flow				
		Net Income:	48,520,000.00			
		Depreciation/Amortization:	5,650,000.00			
		Change in Working capital:	-25,910,000.00			
		Cash from Operating Activities:	43,290,000.00			
		Capital Expenditures:	-470,000.00			
		Cash from Investing Activities:	750,000.00			
		Total Cash Dividends Paid:	0.00			
		Issuance (Retirement) of Stock:	27,670,000.00			
		Issuance (Retirement) of Debt:	-30,000.00			
		Cash from Financing Activities:	23,610,000.00			
		Profitability Margins				
		Debt to Equity:	0.00%			
		Return on Assets:	9.52%			
		Return on Capital:	17.59%			
		Return on Equity:	17.59%			
Technicals						
52 week low:	Error					
Today from 52 week low:	#VALUE!					
52 week high:	Error					
Today from 52 week high:	#VALUE!					
50 day Moving Average:	Error					
200 day Moving Average:	Error					
Analyst/Consensus						
Analyst Sales Growth FY1:	37.40%					
Analyst Sales Growth FY2:	18.50%					
SN Valuation Estimate FY1:	25.00%					
SN Valuation Estimate FY2:	25.00%					
Analyst Earnings Estimate FY1:	\$1.62					
Analyst Earnings Estimate FY2:	\$1.15					
SN Valuation Earnings Est. FY1:	\$0.44					
SN Valuation Earnings Est. FY2:	\$0.54					
Multiples						
Market Value to Book:	2.43					
EV to Book:	1.90					
Market Value to Tangible Net Assets:	-45.69					
P/E Ratio:	7.13					
Trailing P/E Ratio:	7.61					
Forward P/E Ratio:	9.80					
Beta:	Error					
Dividend:	0					
Dividend Yield:	0.00%					
Dividend Date:	N/A					
Ex-Dividend Date:	N/A					
Competitors						
Average EV to EBITDA:	N/A					
Company EV to EBITDA:	8.14					
Average EV to EBIT:	N/A					
Company EV to EBITA:	9.52					

SN VALUATION

LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	11.52	Non-LBO Forecast	Non-LBO Forecast
EV/EBITDA with 3X Multiple Terminal Value:	\$11.73	Market Price:	11.28	Year 1 Target	11.33
Net Tangible Asset Terminal Value:	\$6.73	LBO Price:	11.28	Year 2 Target	11.37
EV/EBITDA with Today's Multiple Terminal Value:	\$14.89	Premium to Market Price:	0.00%	Year 3 Target	11.42
EVA Enterprise Value:	\$12.71	LBO Price/Intrinsic Price Target:	0.42%	Year 4 Target	11.47
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	5.71%	Year 5 Target	11.52
Average (Excluding Dividend Discount):	\$11.52	Implied IRR at today's EV/EBITDA:	5.72%	Implied IRR (Market Price):	0.42%
		5 Year Return:	2.11%	Desired Return Rate	20.00%
				Implied Today's Price	4.63
				Overvalued/(Undervalued)	143.69%

Current Evaluation				Exit Evaluation			
Current Market Price:	11.28	LBO Price:	11.28	Exit Price:	11.52	Exit Price:	14.89
Outstanding Shares:	59,540,000	Outstanding Shares:	59,540,000	Outstanding Shares:	59,540,000	Outstanding Shares:	59,540,000
Market Capitalization:	671,611,200	Market Capitalization:	671,611,200	Market Capitalization:	685,769,652	Market Capitalization:	886,758,596
Available Cash:	146,590,000	Available Cash:	146,590,000	Available Cash:	415,664,846	Available Cash:	415,664,846
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	146,590,000	Net Cash:	146,590,000	Net Cash:	415,664,846	Net Cash:	415,664,846
Enterprise Value:	525,021,200	Enterprise Value:	525,021,200	Enterprise Value:	270,104,806	Enterprise Value:	471,093,750
Original EV/EBITDA:	9.52	EV/EBITDA:	9.52	EV/EBITDA at 5 Years:	2.87	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	8.14	EV/EBITDA:	8.14	EV/EBITDA at 5 Years:	3.40	EV/EBITDA at 5 Years:	4.23
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	11.28	11.88	11.92	11.97	12.02	12.07	12.13
Shares Outstanding:	59,540,000	59,540,000	59,540,000	59,540,000	59,540,000	59,540,000	59,540,000
Market Capitalization:	671,611,200	707,037,989	709,994,223	712,962,818	715,943,825	718,937,297	721,943,284
Available Cash:	146,590,000	146,590,000	179,785,490	221,017,805	272,296,151	336,132,037	415,664,846
Debt:	0	0	0	0	0	0	0
Net Cash:	146,590,000	146,590,000	179,785,490	221,017,805	272,296,151	336,132,037	415,664,846
Enterprise Value:	525,021,200	560,447,989	530,208,733	491,945,013	443,647,674	382,805,260	306,278,438
EBIT	58,850,000	58,850,000	38,592,000	48,240,000	60,300,000	75,375,000	94,218,750
EV/EBIT:	8.92	9.52	13.74	10.20	7.36	5.08	3.25
EBITDA	64,500,000	64,500,000	45,654,500	57,068,125	71,335,156	89,168,945	111,461,182
EV/EBITDA:	8.14	8.14	11.61	8.62	6.22	4.29	2.75

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	11.28	11.88	9.19	11.43	14.22	17.70	22.05
Shares Outstanding:	59,540,000	59,540,000	59,540,000	59,540,000	59,540,000	59,540,000	59,540,000
Market Capitalization:	671,611,200	707,037,989	547,309,853	680,423,259	846,552,969	1,053,953,059	1,312,941,123
Available Cash:	146,590,000	146,590,000	179,785,490	221,017,805	272,296,151	336,132,037	415,664,846
Debt:	0	0	0	0	0	0	0
Net Cash:	146,590,000	146,590,000	179,785,490	221,017,805	272,296,151	336,132,037	415,664,846
Enterprise Value:	525,021,200	560,447,989	367,524,363	459,405,454	574,256,818	717,821,022	897,276,278
EBIT	58,850,000	58,850,000	38,592,000	48,240,000	60,300,000	75,375,000	94,218,750
EV/EBIT:	8.92	9.52	9.52	9.52	9.52	9.52	9.52
EBITDA	64,500,000	64,500,000	45,654,500	57,068,125	71,335,156	89,168,945	111,461,182
EV/EBITDA:	8.14	8.14	8.05	8.05	8.05	8.05	8.05

LBO Price	11.28	Equity Partners:	671,621,200	Weighting	100.00%	Annualized Return for Equity Partners:	5.71%
Shares Outstanding	59,540,000	Debt Partners:	0		0.00%		
Market Capitalization	671,611,200	Total Funds for LBO:	671,621,200		100.00%		
Debt	10,000						
Cash	146,590,000						
Enterprise Value	525,031,200						
Capital Investment	671,621,200						

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	275.84	Beginning Enterprise Value	525.02	Current Market Price	\$11.28	Starting Debt	0.00
Year 5 Book Value	486.95	Year 5 Enterprise Value	471.09	Year 5 Market Price	\$14.89	Debt Repayment	0.00
Annualized Return	12.04%	Annualized Return	-2.14%	Annualized Return	5.72%	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

SPECTRUM PHARMACEUTICALS

Ticker:

SPPI

	Historical				Forecasted				
	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2013	2014	2015	2016	2017
Revenue	28.73	38.02	74.11	192.96	241.20	301.50	376.88	471.09	588.87
COGS	1.19	8.15	17.44	33.84	57.89	72.36	90.45	113.06	141.33
Gross margin	27.54	29.87	56.67	159.12	183.31	229.14	286.43	358.03	447.54
SG&A	15.16	33.61	49.55	72.55	96.48	120.80	150.75	188.44	235.55
R&D	25.68	21.06	57.30	27.72	48.24	60.30	75.38	94.22	117.77
Unusual expense	4.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	-19.00	-24.80	-49.18	58.85	38.59	48.24	60.30	75.38	94.22
Interest income/(expense)	1.26	8.08	2.73	-3.49	1.61	1.61	1.61	1.61	1.61
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	1.17	0.66	1.28	0.58	0.00	0.00	0.00	0.00	0.00
Income before tax	-16.73	-19.77	-48.89	52.22	40.20	49.85	61.91	76.99	95.83
Tax	0.00	-0.42	-0.05	3.70	14.07	17.45	21.67	25.35	33.54
Income after tax	-16.73	-20.19	-48.84	48.52	26.13	32.40	40.24	50.04	62.29
Minority Interest	2.54	1.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	-14.20	-19.05	-48.84	48.52	26.13	32.40	40.24	50.04	62.29
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.24	-\$0.32	-\$0.82	\$0.81	\$0.44	\$0.54	\$0.68	\$0.84	\$1.05
P/E (historical today's price; forecasted intrinsic price)	-47.30	-35.26	-13.75	13.84	25.81	20.90	16.90	13.65	11.01
Revenue Growth	N/A	32.34%	94.92%	160.37%	25.00%	25.00%	25.00%	25.00%	25.00%
Tax Rate	0.00%	-2.12%	0.10%	7.09%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	16.58%	11542.86%	6825.00%	-34900.00%	NA	NA	NA	NA	NA
Margins									
COGS	4.14%	21.44%	23.53%	17.54%	24.00%	24.00%	24.00%	24.00%	24.00%
Gross margin	95.86%	76.56%	76.47%	82.46%	76.00%	76.00%	76.00%	76.00%	76.00%
SG&A	52.77%	88.40%	65.51%	37.60%	40.00%	40.00%	40.00%	40.00%	40.00%
R&D	92.86%	55.39%	77.32%	14.37%	20.00%	20.00%	20.00%	20.00%	20.00%
Unusual expense	16.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	-66.13%	-65.23%	-66.36%	30.50%	16.00%	16.00%	16.00%	16.00%	16.00%
Interest income/(expense)	4.39%	21.25%	3.68%	-1.81%	0.67%	0.53%	0.43%	0.34%	0.27%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	4.07%	1.74%	1.73%	0.30%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-58.23%	-58.00%	-65.97%	27.06%	16.67%	16.53%	16.43%	16.34%	16.27%
Tax	0.00%	1.10%	-0.07%	5.83%	5.83%	5.79%	5.75%	5.72%	5.70%
Income after tax	-58.23%	-58.10%	-65.90%	25.15%	10.83%	13.43%	16.68%	20.75%	25.83%
Minority Interest	8.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	-49.43%	-50.11%	-65.90%	25.15%	10.83%	10.75%	10.68%	10.62%	10.58%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-09-30	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	9.86	82.34	53.55	121.20	143.28			143.28	176.48	217.71	268.99	332.82	412.35
Short term investment	66.08	31.00	42.12	40.06	3.31			3.31	3.31	3.31	3.31	3.31	3.31
Cash and Short term	75.94	113.34	95.67	161.26	146.59			146.59	179.79	221.02	272.30	336.13	415.66
Accounts Receivable	9.78	8.66	21.05	51.70	90.94			90.94	90.94	90.94	90.94	90.94	90.94
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	9.78	8.66	21.05	51.70	90.94			90.94	90.94	90.94	90.94	90.94	90.94
Total Inventory	1.84	3.23	4.23	10.76	12.98			12.98	12.98	12.98	12.98	12.98	12.98
Prepaid Expenses	0.69	1.03	0.91	2.07	3.85			3.85	3.85	3.85	3.85	3.85	3.85
Other Current Assets	0.00	0.00	0.00	0.00	11.35			11.35	11.35	11.35	11.35	11.35	11.35
Current Assets	88.25	126.26	121.86	225.79	265.71	0.00	0.00	265.71	298.91	340.14	391.42	455.25	534.78
PP&E, Gross	3.54	4.02	5.97	6.00	6.00			6.00	6.00	6.00	6.00	6.00	6.00
Change in Depreciation		4.24	4.51	5.65	5.65			5.65	7.06	8.83	11.04	13.79	17.24
Accumulated Depreciation	1.76	2.09	2.81	3.00	3.00			3.00	10.06	18.89	29.93	43.72	60.96
PP&E, Net	1.78	1.93	3.16	3.00	3.00			3.00	-4.06	-12.89	-23.93	-37.72	-54.96
Goodwill	0.00	0.00	0.00	0.00	29.98		0.00	29.98	29.98	29.98	29.98	29.98	29.98
Intangibles	37.04	33.33	29.61	41.65	204.63			204.63	204.63	204.63	204.63	204.63	204.63
Long term investments	2.15	11.44	8.57	9.28	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	0.29	0.18	0.43	1.36	6.23			6.23	6.23	6.23	6.23	6.23	6.23
Long Term Assets	41.26	46.88	41.77	55.29	243.84			243.84	236.78	227.95	216.91	203.12	185.88
Total Assets	129.51	173.14	163.63	281.08	509.55	0.00	0.00	509.55	535.68	568.09	608.33	658.37	720.66
Accounts Payable	0.00	5.61	8.73	9.80	9.80			9.80	9.80	9.80	9.80	9.80	9.80
Accrued Expense	6.41	18.95	38.38	56.43	56.43			56.43	56.43	56.43	56.43	56.43	56.43
Other current Liabilities	9.27	14.94	16.20	12.30	13.00			13.00	13.00	13.00	13.00	13.00	13.00
Total Current Liabilities	15.68	39.50	63.31	78.53	79.23	0.00	0.00	79.23	79.23	79.23	79.23	79.23	79.23
Notes Payables/Short Term Debt	7.50	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.10	0.07	0.04	0.01	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	7.60	0.07	0.04	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	0.00	0.00	0.00	0.00	0.59			0.59	0.59	0.59	0.59	0.59	0.59
Minority Interest	14.26	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	42.73	25.24	25.79	14.33	150.62			150.62	150.62	150.62	150.62	150.62	150.62
Total Liabilities	80.27	64.81	89.14	92.87	230.44	0.00	0.00	230.44	230.44	230.44	230.44	230.44	230.44
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.42	0.42	0.16	0.12	0.12			0.12	0.12	0.12	0.12	0.12	0.12
Common Stock	0.03	0.05	0.05	0.06	0.06		0.00	0.06	0.06	0.06	0.06	0.06	0.06
Additional Paid-in capital	281.06	369.48	384.76	452.76	466.65		0.00	466.65	466.65	466.65	466.65	466.65	466.65
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-242.51	-261.56	-310.40	-261.88	-187.83		0.00	-187.83	-161.70	-129.29	-89.05	-39.01	23.28
Treasury Stock	0.00	0.00	0.00	-2.93	-2.93			-2.93	-2.93	-2.93	-2.93	-2.93	-2.93
Other Equity	-0.15	-0.07	-0.09	-0.23	-0.23		0.00	-0.23	-0.23	-0.23	-0.23	-0.23	-0.23
Total Equity	38.85	108.32	74.48	187.90	275.84	0.00	0.00	275.84	301.97	334.38	374.62	424.66	486.95
Liability + Equity	119.12	173.13	163.62	280.77	506.28	0.00	0.00	506.28	532.41	564.82	605.06	655.10	717.39
Variance	10.39	0.01	0.01	0.31	3.27			3.27	3.27	3.27	3.27	3.27	3.27
Debt/Equity	0.20	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	15.61	11.77	17.52	17.93	18.58			14.87	18.58	23.23	29.04	36.29	45.37
Inventory Turnover Days	23.38	31.01	20.83	20.35	19.64			24.55	19.64	15.71	12.57	10.06	8.05
Days Inventory Outstanding	564.37	144.66	88.53	116.06	81.84			140.00	81.84	65.47	52.38	41.90	33.52
Accounts Receivable Turnover	2.94	4.39	3.52	3.73	2.65			2.12	2.65	3.32	4.14	5.18	6.48
Accounts Receivable Turnover Days	124.25	83.14	103.67	97.79	137.62			172.02	137.62	110.09	88.07	70.46	56.37
Days Payable Outstanding	0.00	251.25	182.71	105.70	61.79			105.70	61.79	49.43	39.55	31.64	25.31
Days Sales Outstanding	124.25	83.14	103.67	97.79	137.62			97.79	172.02	137.62	110.09	88.07	70.46
Cash Conversion Cycle	688.62	-23.45	9.49	108.15	157.67			132.09	192.07	153.66	122.93	98.34	78.67
Net tangible assets/share	\$0.83	\$1.82	\$1.25	\$3.16	\$4.18				\$4.62	\$5.17	\$5.84	\$6.68	\$7.73

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Net Income	-16.73	-20.19	-48.84	48.52	26.13	32.40	40.24	50.04	62.29
Depreciation	0.61	4.24	4.51	5.65	7.06	8.83	11.04	13.79	17.24
Net Income + Depreciation	-16.12	-15.95	-44.33	54.17	33.20	41.23	51.28	63.84	79.53
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	10.35	-8.90	-3.22	15.03	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-2.23	7.22	25.02	-25.91	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	1.12	-12.39	-30.65	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-1.39	-1.00	-6.53	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.34	0.12	-1.16	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	5.61	3.12	1.07	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	-8.00	-17.63	-22.53	43.29	33.20	41.23	51.28	63.84	79.53
Capital Expenditures Expenditures	-1.52	-0.67	-1.58	-0.47	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-23.26	-5.16	-8.26	1.22	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-24.78	-5.83	-9.84	0.75	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	41.50	-2.52	0.00	-4.03	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	98.46	3.63	27.67	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	0.00	0.00	-0.03	-0.03	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	41.50	95.94	3.60	23.61	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	1.14	9.86	82.34	53.56	143.28	176.48	217.71	268.99	332.82
Net Change in Cash	8.72	72.48	-28.78	67.64	33.20	41.23	51.28	63.84	79.53
Ending Cash Balance	9.86	82.34	53.56	121.20	176.48	217.71	268.99	332.82	412.35
Capex to Revenue	5.29%	1.76%	2.13%	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation to Sales	2.12%	11.15%	6.09%	2.93%	2.93%	2.93%	2.93%	2.93%	2.93%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	34.04%	22.78%	28.40%	26.79%	21.43%	17.15%	13.72%	10.97%	8.78%
Distributable FCF Yield	-6.24%	-4.47%	-6.17%	8.39%	6.32%	7.85%	9.77%	12.16%	15.15%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	-32.78	-23.46	-32.37	44.04	33.20	41.23	51.28	63.84	79.53

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	67.64	33.20	41.23	51.28	63.84	79.53
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		1.00%	1.00%	1.00%	1.00%	1.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		161.26				
Interest @ 1.0%		1.61	1.61	1.61	1.61	1.61
Net Interest Expense/(Income)		(1.61)	(1.61)	(1.61)	(1.61)	(1.61)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		38.59	48.24	60.30	75.38	94.22
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating	2013	2014	2015	2016	2017
AAA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BBB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CCC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
C	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
D	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

SPECTRUM PHARMACEUTICALS

Ticker:

SPPI

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	72.57	86.76	58.55	186.48	219.68	260.91	312.19	376.02	455.55
Total Assets	129.51	173.14	163.63	509.55	535.68	568.09	608.33	658.37	720.66
X1	0.56	0.50	0.36	0.37	0.41	0.46	0.51	0.57	0.63
Retained Earnings	-242.51	-261.56	-310.40	-187.83	-161.70	-129.29	-89.05	-39.01	23.28
Total Assets	129.51	173.14	163.63	509.55	535.68	568.09	608.33	658.37	720.66
X2	-1.87	-1.51	-1.90	-0.37	-0.30	-0.23	-0.15	-0.06	0.03
EBITDA	-19.00	-24.80	-49.18	58.85	38.59	48.24	60.30	75.38	94.22
Total Assets	129.51	173.14	163.63	509.55	535.68	568.09	608.33	658.37	720.66
X3	-0.15	-0.14	-0.30	0.12	0.07	0.08	0.10	0.11	0.13
Market Value of Equity	671.61	671.61	671.61	671.61	674.42	677.24	680.07	682.91	685.77
Total Liabilities	80.27	64.81	89.14	230.44	230.44	230.44	230.44	230.44	230.44
X4	8.37	10.36	7.53	2.91	2.93	2.94	2.95	2.96	2.98
Net Sales	28.73	38.02	74.11	192.96	241.20	301.50	376.88	471.09	588.87
Total Assets	129.51	173.14	163.63	509.55	535.68	568.09	608.33	658.37	720.66
X5	0.22	0.22	0.45	0.38	0.45	0.53	0.62	0.72	0.82
Altman Z Score	2.81	4.45	1.76	2.43	2.51	2.81	3.13	3.47	3.84

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red