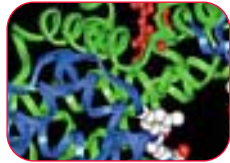




*Building an  
Oncology Franchise*



Allos is a product company that develops and commercializes small molecule oncology and cardiovascular drugs. Our lead product candidate is RSR13. We believe RSR13 can be used to improve existing cancer treatments and treat many diseases and clinical conditions attributed to or aggravated by oxygen deprivation. In February 2000, we commenced a Phase III trial of RSR13 in combination with radiation therapy for the treatment of brain metastases. We believe that this trial, if positive, will serve as the basis for seeking marketing approval for RSR13 from the FDA for this indication.

DEAR STOCKHOLDERS,

It's a pleasure to be writing this letter for the annual report covering our first year as a public company. Our initial public offering, which closed on March 31, 2000, raised \$90 million and has given us the necessary resources to build our company.

2000 was a satisfying, but also challenging year. We experienced a quantum leap in our development at all levels, and at the same time had to deal with a difficult stock market environment. In this letter, we will review the status of the company, our lead product, RSR13, and our strategy going forward.

### Our Opportunity

We are a company dedicated to building an oncology franchise. RSR13, our lead compound, is a small molecule that enhances the effects of radiation therapy for the treatment of cancer. It is currently in late-stage clinical trials for the treatment of primary and metastatic brain cancer and lung cancer. RSR13 works by increasing the ability of hemoglobin to deliver oxygen to oxygen deprived tissues. Radiation therapy kills cancer cells in part by creating oxygen radicals, and the efficacy of radiation therapy can be hampered when tumors are poorly oxygenated. Consequently, by increasing the oxygenization of tumor cells, we believe RSR13 can improve the efficacy of radiation therapy.

We believe RSR13 represents a major market opportunity, as radiation therapy is standard

treatment for over half of all cancers. It is estimated that over 750,000 patients receive radiation therapy annually in the United States alone. Although radiation therapy can be effective in treating certain types of cancer, a large unmet medical need exists for products that can increase the effectiveness of standard radiation therapy.

### RSR13 to Treat Cancer

We believe RSR13 has the potential to extend the lives of patients with end-stage cancer, and increase their quality of life as well. Our approach has always been to conduct in-depth and comprehensive clinical trials, not only to maximize the chances for success, but also to broadly position the product for successful introduction into the marketplace. We have achieved a rich and robust understanding of RSR13 from data generated by 17 completed or ongoing clinical trials. Over the past year, we have made numerous strides in RSR13's clinical development. Most notable was the initiation a pivotal Phase III clinical trial of RSR13 for the treatment of metastatic brain tumors, a devastating illness that the American



**Stephen J. Hoffman, Ph.D., M.D.**  
*President, Chief Executive Officer and Director*

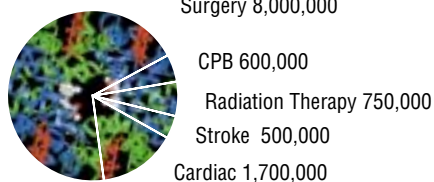


### Senior Management

**Stephen J. Hoffman, Ph.D., M.D.** (left)  
*President, Chief Executive Officer, and Director*

**Michael J. Gerber, M.D.** (center)  
*Senior Vice President, Clinical Development and Regulatory Affairs*

**Michael E. Hart** (right)  
*Chief Financial Officer and Senior Vice President, Operations*



RSR13: Addressable Patients



RSR13 is a synthetic small molecule that increases the release of oxygen from hemoglobin, the oxygen-carrying protein contained within red blood cells.

#### Investment Highlights

- *RSR13 radiation enhancing therapy in pivotal Phase III trial for the treatment of brain metastases*
- *Fast Track designation*
- *Superior Phase II efficacy data in 3 different indications*
- *Expansion into chemotherapy sensitization*
- *Productive technology platform with the potential to generate multiple products*
- *All product and technology rights retained*
- *Plan to market directly in the U.S. with focused oncology sales force*

Cancer Society estimates will afflict up to 40% of all cancer patients. Evidence of the integrity of our scientific and clinical program lies in the fact that this year we were invited to give two podium presentations at the prestigious annual meetings of the American Society of Clinical Oncology and the American Society of Therapeutic Radiology and Oncology.

#### Brain Metastases

RSR13 is in Phase III clinical trials for the treatment of brain metastases. Radiation therapy is the standard of care for patients with this condition, and we believe RSR13 can significantly add to the benefits patients receive from this treatment. Our Phase III study is a randomized, open label trial, which we expect will enroll over 400 patients. The primary endpoint will be survival—the FDA's gold standard for cancer product approvals. We undertook this trial in response to a successful Phase II trial, which showed a strong increase in median, one-year and eighteen month survival, and a concomitant decrease in brain-related deaths.

In 2000, we received fast-track designation from the U.S. Food & Drug Administration for RSR13, indicating that the FDA could expedite review of our Phase III study results. This important designation demonstrates the potential for RSR13 to address

an unmet medical need in the treatment of brain metastases.

#### Primary Brain Cancer

We have also shown RSR is effective in treating glioblastoma multiforme, a particularly aggressive form of primary brain cancer. During 2000, we announced that in a 50 patient, multicenter Phase II trial, patients given RSR13 showed a statistically significant increase in long-term (eighteen month) survival. We also announced that we had initiated another clinical trial in patients whose brain tumors had recurred after initial surgical and radiation therapy. This Phase Ib/II study will test whether RSR13 could have a similarly synergistic effect when administered with BCNU (carmustine), a chemotherapeutic agent that is widely used in the treatment of primary brain cancer. If RSR13 enhances the effects of BCNU in this indication, we might further explore the potential for RSR13 to enhance the effects of other chemotherapy treatments.

#### Lung Cancer

Non-small cell lung cancer is the third tumor type in which RSR13 has shown clinical benefit as a radiosensitizing agent. In the preliminary analysis of our Phase II trial in patients with advanced, inoperable tumors, 87% of the patients achieved a complete or





*“RSR13 is certainly not a cure, but the improvement in the length of survival is significant, the researchers say.”*

—USA Today, June 13, 2000

**Our Goals for the Future**

in new indications during the coming year.

Having retained worldwide marketing rights for RSR13, we intend to build our own sales force to market RSR13 throughout North America. There are approximately 3,700 radiation therapists in the United States, chiefly in major medical centers, and we believe we will be able to effectively market RSR13 to this audience with a small targeted sales force. Outside of North America, we plan to form strategic alliances to market RSR13 if they make good business sense for the company.

For indications such as the cardiovascular and non-cardiac surgical applications, our objective is to partner with other pharmaceutical companies. The cardiovascular and surgical markets are vast, and appropriate clinical trials and commercialization efforts would require substantial human and financial resources.

As we noted above, we have an ambitious corporate objective: to build an oncology franchise. To that end, we are actively seeking in-licensing and acquisition opportunities in the oncology area to bring significant critical mass to bear on building this franchise.

continue to make rapid progress in all areas of the company. During 2001, we intend to:

- *Initiate our second Phase III study of RSR13 in a primary therapy indication;*
- *Initiate additional Phase II expansion studies of RSR13 in the radiation therapy area;*
- *Work diligently to expand our oncology product portfolio;*
- *Begin the commercial positioning of RSR13; and*
- *Continue to expand our infrastructure to enhance our clinical development, regulatory affairs, commercial and product acquisition activities.*

Let me close by thanking my talented coworkers here at Allos, all of whom have worked hard to build our company to this point. We have grown steadily over the past year in response to the significance of the opportunity that we believe exists—and that growth will continue. I speak for our entire team when I say we are tremendously enthusiastic about the prospects for our company, we appreciate the support of our stockholders, and we look forward to reporting our progress to you over the next year.

Sincerely yours,

Stephen J. Hoffman, Ph.D., M.D.  
President and  
Chief Executive Officer

**Looking forward to 2001**

We expect 2001 to be another very fruitful year for us as we

**Building Our Team**

*Front Row: (from left to right)*

*Michael E. Hart, Stephen J. Hoffman, Ph.D., M.D., Michael J. Gerber, M.D.*

*Back Row: (from left to right)*

*Jean-Francois Liard, M.D., Barbara E. Baring, Robert P. Steffen, Ph.D., Elizabeth K. Crump, RN, BSN, John O. Hackman, Douglas G. Johnson, Ph.D., Paulette M. Wilson.*



## Corporate information

### Board of Directors

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Chairman of the Department  
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Commonwealth University

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Pharmaceutical Industry Consultant

Mark G. Edwards  
Managing Director,  
Recombinant Capital, Inc.

Marvin E. Jaffe, M.D.  
Pharmaceutical Industry Consultant

### Corporate Officers

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and Director

Michael E. Hart  
Chief Financial Officer and  
Senior Vice President, Operations

Michael J. Gerber, M.D.  
Senior Vice President, Clinical  
Development and Regulatory Affairs

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### Stockholder Information

Allos Therapeutics welcomes inquiries from stockholders and other interested investors. Additional copies of Allos' annual report or Form 10-K, filed with the Securities and Exchange Commission, may be obtained without charge by contacting Investor Relations at Allos Therapeutics.

### Stock Listing

Stock is traded on the Nasdaq National Market® under the symbol "ALTH." For more information, please visit our website at: <http://www.allos.com>



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