UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: September 30, 2015

OR

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

For the transition period from _____ to _____

Commission File Number 001-12465

CTI BIOPHARMA CORP.

(Exact name of registrant as specified in its charter)

Washington	**91-1533912**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3101 Western Avenue, Suite 600 Seattle, Washington	**98121**
(Address of principal executive offices)	**(Zip Code)**

(206) 282-7100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	**Outstanding at October 30, 2015**
Common Stock, no par value	231,723,931

CTI BIOPHARMA CORP.

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements.

CTI BIOPHARMA CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	September 30, 2015 (unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 46,355	$ 70,933
Accounts receivable, net	422	2,011
Inventory, net	2,594	4,182
Prepaid expenses and other current assets	3,968	3,379
Total current assets	53,339	80,505
Property and equipment, net	3,950	4,646
Other assets	5,843	7,136
Total assets	$ 63,132	$ 92,287
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 13,381	$ 6,356
Accrued expenses	17,455	19,734
Warrant liability	247	—
Current portion of deferred revenue	652	826
Current portion of long-term debt	4,300	9,014
Other current liabilities	453	410
Total current liabilities	36,488	36,340
Deferred revenue, less current portion	1,272	1,779
Long-term debt, less current portion	47,351	8,363
Other liabilities	5,538	5,882
Total liabilities	90,649	52,364
Commitments and contingencies		
Common stock purchase warrants	—	1,445
Shareholders' equity (deficit):		
Common stock, no par value:		
Authorized shares - 315,000,000 and 215,000,000 at September 30, 2015 and December 31, 2014, respectively		
Issued and outstanding shares - 191,841,451 and 176,761,099 at September 30, 2015 and December 31, 2014, respectively	2,053,087	2,023,949
Accumulated other comprehensive loss	(6,885)	(6,499)
Accumulated deficit	(2,069,480)	(1,975,695)
Total CTI shareholders' equity (deficit)	(23,278)	41,755
Noncontrolling interest	(4,239)	(3,277)
Total shareholders' equity (deficit)	(27,517)	38,478
Total liabilities and shareholders' equity	$ 63,132	$ 92,287

See accompanying notes.

CTI BIOPHARMA CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Product sales, net	$ 740	$ 2,021	$ 2,394	$ 4,437
License and contract revenue	224	37,513	2,398	37,851
Total revenues	964	39,534	4,792	42,288
Operating costs and expenses:				
Cost of product sold	831	252	1,204	599
Research and development	18,404	16,528	55,195	42,725
Selling, general and administrative	13,682	12,563	38,603	43,104
Other operating expense	—	2,719	253	2,719
Total operating costs and expenses	32,917	32,062	95,255	89,147
Income (loss) from operations	(31,953)	7,472	(90,463)	(46,859)
Non-operating income (expense):				
Interest expense	(1,288)	(472)	(2,379)	(1,403)
Amortization of debt discount and issuance costs	(40)	(185)	(351)	(547)
Foreign exchange loss	(18)	(2,455)	(561)	(2,621)
Other non-operating income (expense)	203	—	(993)	(885)
Total non-operating expense, net	(1,143)	(3,112)	(4,284)	(5,456)
Net income (loss) before noncontrolling interest	(33,096)	4,360	(94,747)	(52,315)
Noncontrolling interest	504	243	962	517
Net income (loss)	$ (32,592)	$ 4,603	$ (93,785)	$ (51,798)
Net income (loss) per common share:				
Basic	$ (0.19)	$ 0.03	$ (0.54)	$ (0.36)
Diluted	$ (0.19)	$ 0.03	$ (0.54)	$ (0.36)
Shares used in calculation of earnings (loss) per common share:				
Basic	176,004	145,138	175,143	143,920
Diluted	176,004	147,097	175,143	143,920

See accompanying notes.

CTI BIOPHARMA CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income (loss) before noncontrolling interest	$ (33,096)	$ 4,360	$ (94,747)	$ (52,315)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(33)	1,214	1,462	1,261
Unrealized foreign exchange gain (loss) on intercompany balance	42	—	(1,832)	—
Net unrealized income (loss) on securities available-for-sale:	(8)	10	(16)	(48)
Other comprehensive income (loss)	1	1,224	(386)	1,213
Comprehensive income (loss)	(33,095)	5,584	(95,133)	(51,102)
Comprehensive loss attributable to noncontrolling interest	504	243	962	517
Comprehensive loss attributable to CTI	$ (32,591)	$ 5,827	$ (94,171)	$ (50,585)

See accompanying notes.

CTI BIOPHARMA CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Nine Months Ended September 30,	
	2015	**2014**
Operating activities		
Net loss	$ (94,747)	$ (52,315)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation expense	12,997	17,022
Depreciation and amortization	757	875
Loss on debt extinguishment	1,211	—
Provision for inventory reserve	754	—
Noncash interest expense	351	547
Change in value of warrant liability	(135)	886
Other	(128)	317
Changes in operating assets and liabilities:		
Accounts receivable	1,253	(1,033)
Other receivable	—	(17,674)
Inventory	510	115
Prepaid expenses and other current assets	(652)	851
Other assets	771	(753)
Accounts payable	7,119	1,384
Accrued expenses	(2,504)	6,106
Deferred revenue	(681)	278
Other liabilities	3	(5)
Total adjustments	21,626	8,916
Net cash used in operating activities	(73,121)	(43,399)
Investing activities		
Purchases of property and equipment	(31)	(258)
Net cash used in investing activities	(31)	(258)
Financing activities		
Proceeds from common stock offering	15,700	—
Proceeds from Hercules debt, net of issuance costs	5,870	(73)
Repayment of Hercules debt	(4,659)	—
Proceeds from Baxalta milestone advance	32,000	—
Payment of tax withholding obligations related to stock compensation	(580)	(167)
Cash paid for Series 21 preferred stock issuance costs	(227)	—
Other	83	61
Net cash provided by (used in) financing activities	48,187	(179)
Effect of exchange rate changes on cash and cash equivalents	387	2,107
Net decrease in cash and cash equivalents	(24,578)	(41,729)
Cash and cash equivalents at beginning of period	70,933	71,639
Cash and cash equivalents at end of period	$ 46,355	$ 29,910
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	$ 1,507	$ 1,383
Cash paid during the period for taxes	$ —	$ —
Supplemental disclosure of noncash financing and investing activities		
Issuance of common stock upon exercise of common stock purchase warrants	$ —	$ 1,877
Repayment and issuance of Hercules debt	$ 13,815	$ —

See accompanying notes.

1. Description of Business and Summary of Significant Accounting Policies

CTI BioPharma Corp., together with its wholly-owned subsidiaries, also referred to collectively in this Quarterly Report on Form 10-Q as CTI, the Company, we, us or our, is a biopharmaceutical company focused on the acquisition, development and commercialization of novel targeted therapies covering a spectrum of blood-related cancers that offer a unique benefit to patients and health care providers. Our goal is to build a profitable company by generating income from products we develop and commercialize, either alone or with partners. We are currently concentrating our efforts on treatments that target blood-related cancers where there is an unmet medical need. In particular, we are primarily focused on commercializing PIXUVRI® (pixantrone), or PIXUVRI, in select countries in the European Union, or the E.U., for multiply relapsed or refractory aggressive B-cell non-Hodgkin lymphoma and conducting a Phase 3 clinical trial program evaluating pacritinib for the treatment of adult patients with myelofibrosis to support regulatory submission for approval in the United States, or the U.S., and Europe. We are also evaluating pacritinib in early phase clinical trials as treatment for other blood-related cancers.

We operate in a highly regulated and competitive environment. The manufacturing and marketing of pharmaceutical products require approval from, and are subject to, ongoing oversight by the Food and Drug Administration in the U.S., the European Medicines Agency, or the EMA, in the E.U. and comparable agencies in other countries. Obtaining approval for a new therapeutic product is never certain, may take many years and may involve expenditure of substantial resources.

Basis of Presentation

The accompanying unaudited financial information of CTI as of September 30, 2015 and for the three and nine months ended September 30, 2015 and 2014 has been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information and with the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, such financial information includes all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of our financial position at such date and the operating results and cash flows for such periods. Operating results for the three and nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the entire year or for any other subsequent interim period.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to the rules of the U.S. Securities and Exchange Commission, or the SEC. These unaudited financial statements and related notes should be read in conjunction with our audited annual financial statements for the year ended December 31, 2014 included in our Annual Report on Form 10-K filed with the SEC on March 12, 2015.

The condensed consolidated balance sheet at December 31, 2014 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles in the U.S. for complete financial statements.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of CTI and its wholly-owned subsidiaries, which include Systems Medicine LLC and CTI Life Sciences Limited, or CTILS. We also retain ownership of our branch, CTI BioPharma Corp.– Sede Secondaria, or CTI (Europe); however, we ceased operations related to this branch in September 2009. In addition, CTI Commercial LLC, a wholly-owned subsidiary, was included in the consolidated financial statements until dissolution in March 2012.

As of September 30, 2015, we also had a 61% interest in our majority-owned subsidiary, Aequus Biopharma, Inc., or Aequus. The remaining interest in Aequus not held by CTI is reported as *noncontrolling interest* in the consolidated financial statements.

All intercompany transactions and balances are eliminated in consolidation.

Accounts Receivable

Our accounts receivable balance includes trade receivables related to PIXUVRI sales. We estimate an allowance for doubtful accounts based upon the age of outstanding receivables and our historical experience of collections, which includes adjustments for risk of loss for specific customer accounts. We periodically review the estimation process and make changes to our assumptions as necessary. When it is deemed probable that a customer account is uncollectible, the account balance is written off against the existing

allowance. We also consider the customers' country of origin to determine if an allowance is required. We continue to monitor economic conditions, including the volatility associated with international economies, the sovereign debt crisis in certain European countries and associated impacts on the financial markets and our business. As of September 30, 2015 and December 31, 2014, our accounts receivable did not include any balance from a customer in a country that has exhibited financial stress that would have had a material impact on our financial results. Our allowance for doubtful accounts balance was $0.2 million as of September 30, 2015 and $0.1 million as of December 31, 2014.

Liquidity

The accompanying condensed consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business for the twelve-month period following the date of these condensed consolidated financial statements. However, we have incurred net losses since inception and expect to generate losses for the next few years primarily due to research and development costs for pacritinib, PIXUVRI, tosedostat and Opaxio.

Our available *cash and cash equivalents* were $46.4 million as of September 30, 2015, and subsequent to period end, we raised approximately $46.5 million in net proceeds in an underwritten offering. See Note 10, *Subsequent Events*, for additional information. We believe that our present financial resources, together with milestone payments projected to be received under certain of our contractual agreements and our ability to control costs, will be sufficient to fund our operations through the fourth quarter of 2016.

We expect that we will need to acquire additional funds in order to develop our business. We may seek to raise such capital through public or private equity financings, partnerships, collaborations, joint ventures, disposition of assets, debt financings or restructurings, bank borrowings or other sources of financing. Furthermore, we have a limited number of authorized shares of common stock available for issuance and additional funding may not be available on favorable terms or at all. If additional funds are raised by issuing equity securities, substantial dilution to existing shareholders may result. If we fail to obtain additional capital when needed, our ability to operate as a going concern will be harmed, and we may be required to delay, scale back or eliminate some or all of our research and development programs, reduce our selling, general and administrative expenses, be unable to attract and retain highly qualified personnel, refrain from making our contractually required payments when due (including debt payments) and/or may be forced to cease operations, liquidate our assets and possibly seek bankruptcy protection.

Value Added Tax Receivable

Our European operations are subject to a value added tax, or VAT, which is usually applied to all goods and services purchased and sold throughout Europe. The VAT receivable is approximately $4.6 million and $4.9 million as of September 30, 2015 and December 31, 2014, of which $4.4 million and $4.7 million is included in *other assets* and $0.2 million and $0.2 million is included in *prepaid expenses and other current assets* as of September 30, 2015 and December 31, 2014, respectively. The collection period of VAT receivable for our European operations ranges from approximately three months to five years. For our Italian VAT receivable, the collection period is approximately three to five years. As of September 30, 2015, the VAT receivable related to operations in Italy is approximately $4.4 million. We review our VAT receivable balance for impairment whenever events or changes in circumstances indicate the carrying amount might not be recoverable.

Inventory

We carry inventory at the lower of cost or market. The cost of finished goods and work in process is determined using the standard-cost method, which approximates actual cost based on a first-in, first-out method. Inventory includes the cost of materials, third-party contract manufacturing and overhead costs, quality control costs and shipping costs from the manufacturers to the final distribution warehouse associated with the production and distribution of PIXUVRI. Production costs for our other product candidates continue to be charged to research and development expense as incurred prior to regulatory approval or until our estimate for regulatory approval becomes probable. We review our inventories on a quarterly basis for impairment and reserves are established when necessary. Estimates of excess inventory consider our projected sales of the product and the remaining shelf lives of product. In the event we identify excess, obsolete or unsalable inventory, the value is written down to the net realizable value. Based on assessment of shelf lives and net realizable value of the product, a $0.7 million reserve for excess, obsolete or unsalable inventory was recorded as of September 30, 2015. No reserve was recorded as of December 31, 2014.

Revenue Recognition

We currently have conditional marketing authorization for PIXUVRI in the E.U. Revenue is recognized when there is persuasive evidence of the existence of an agreement, delivery has occurred, prices are fixed or determinable, and collectability is assured. Where the revenue recognition criteria are not met, we defer the recognition of revenue by recording deferred revenue until such time that all criteria under the provision are met.

Product sales

We sell PIXUVRI through a limited number of distributors and directly to health care providers in Austria, Denmark, Finland, Germany, Norway, Sweden and the United Kingdom. We generally record product sales upon receipt of the product by the health care providers and certain distributors at which time title and risk of loss pass. Product sales are recorded net of distributor discounts, estimated government-mandated rebates, trade discounts, and estimated product returns. Reserves are established for these deductions and actual amounts incurred are offset against the applicable reserves. We reflect these reserves as either a reduction in the related account receivable or as an accrued liability depending on the nature of the sales deduction. These estimates are periodically reviewed and adjusted as necessary.

Government-mandated discounts and rebates

Our products are subject to certain programs with government entities in the E.U. whereby pricing on products is discounted below distributor list price to participating health care providers. These discounts are provided to participating health care providers either at the time of sale or through a claim by the participating health care providers for a rebate. Due to estimates and assumptions inherent in determining the amount of government-mandated discounts and rebates, the actual amount of future claims may be different from our estimates, at which time we would adjust our reserves accordingly.

Product returns and other deductions

At the time of sale, we also record estimates for certain sales deductions such as product returns and distributor discounts and incentives. We offer certain customers a limited right of return or replacement of product that is damaged in certain instances. When we cannot reasonably estimate the amount of future product returns and/or other sales deductions, we do not recognize revenue until the risk of product return and additional sales deductions have been substantially eliminated.

Milestone payments

In February 2015, under our exclusive license and collaboration agreement with Les Laboratoires Servier and Institut de Recherches Internationales Servier, or the Servier Agreement, we received a €1.5 million milestone payment (or $1.7 million upon conversion from euros as of the date we received the funds) relating to the attainment of reimbursement approval for PIXUVRI in Spain. We allocated the milestone payment based on the relative-selling-price percentages originally used to allocate the arrangement consideration under the Servier Agreement. This revenue was accounted for under the milestone method of accounting since this milestone was determined to be substantive at the inception of the arrangement.

Cost of Product Sold

Cost of product sold includes third-party manufacturing costs, shipping costs, contractual royalties and other costs of PIXUVRI product sold. Cost of product sold also includes allowances for excess inventory that may expire and become unsalable.

Foreign Currency Translation and Transaction Gains and Losses

We record foreign currency translation adjustments and transaction gains and losses in accordance with ASC 830, *Foreign Currency Matters.* For our operations that have a functional currency other than the U.S. dollar, gains and losses resulting from the translation of the functional currency into U.S. dollars for financial statement presentation are not included in determining net loss, but are accumulated in the cumulative foreign currency translation adjustment account as a separate component of shareholders' equity (deficit), except for intercompany transactions that are of a short-term nature with entities that are consolidated, combined or accounted for by the equity method in our consolidated financial statements. We and our subsidiaries also have transactions in foreign currencies other than the functional currency. We record transaction gains and losses in our consolidated statements of operations related to the recurring measurement and settlement of such transactions.

During the three months ended March 31, 2015, we have determined that the intercompany balance due from CTILS may no longer be considered of a short-term nature. Due to this change in accounting estimate, favourable unrealized foreign exchange gain of $42,000 and unfavourable unrealized foreign exchange loss of $1.8 million was recorded in cumulative foreign currency translation adjustment account for the three and nine months ended September 30, 2015, respectively. As of September 30, 2015, the intercompany balance due from CTILS was €23.3 million (or $26.0 million upon conversion from euros as of September 30, 2015).

Net Income (Loss) Per Share

Basic net income (loss) per share is calculated based on the net income (loss) attributable to common shareholders divided by the weighted average number of shares outstanding for the period excluding any dilutive effects of options, warrants, unvested share

awards and convertible securities. Diluted net income (loss) per common share assumes the conversion of all dilutive convertible securities, such as convertible debt and convertible preferred stock using the if-converted method, and assumes the exercise or vesting of other dilutive securities, such as options, warrants and restricted stock using the treasury stock method.

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are based on a three-tier hierarchy that prioritizes the inputs used to measure fair value. There are three levels of inputs used to measure fair value with Level 1 having the highest priority and Level 3 having the lowest:

Level 1 - Observable inputs, such as unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities, or other inputs that are observable directly or indirectly.

Level 3 - Unobservable inputs that are supported by little or no market activity, requiring an entity to develop its own assumptions.

If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board, or the FASB, issued a new financial accounting standard which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance. The accounting standard is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption is permitted as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. We are currently evaluating the impact of this accounting standard on our consolidated financial statements.

In August 2014, the FASB issued a new accounting standard which requires management to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern for each annual and interim reporting period and to provide related footnote disclosures in certain circumstances. The accounting standard is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early adoption is permitted. We are currently evaluating the impact of this accounting standard on our consolidated financial statements.

In April 2015, the FASB issued a new accounting standard which changes the presentation of debt issuance costs in financial statements. Under the new standard, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. The accounting standard is effective for annual reporting periods beginning after December 15, 2015 and interim periods beginning after December 15, 2016. Early adoption is allowed for all entities for financial statements that have not been previously issued. The adoption of this standard is not expected to have a material impact on our financial position or results of operations.

In July 2015, FASB issued a new accounting guidance on simplifying the measurement of inventory which requires that inventory within the scope of the guidance be measured at the lower of cost and net realizable value. Prior to the issuance of the standard, inventory was measured at the lower of cost or market (where market was defined as replacement cost, with a ceiling of net realizable value and floor of net realizable value less a normal profit margin). The accounting guidance is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2016. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on our financial position or results of operations.

Reclassifications

Certain prior year items have been reclassified to conform to current year presentation.

2. Earnings (Loss) Per Share

The numerator for both basic and diluted earnings (loss) per share, or EPS, is net income (loss). The denominator for basic EPS (referred to as basic shares) is the weighted average number of common shares outstanding during the period, whereas the

denominator for diluted EPS (referred to as diluted shares) also takes into account the dilutive effect of outstanding stock options and restricted stock awards using the treasury stock method. Basic and diluted shares as of the three and nine months ended September 30, 2015 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Basic shares	176,004	145,138	175,143	143,920
Effect of dilutive securities	—	1,959	—	—
Diluted shares	176,004	147,097	175,143	143,920

The effect of dilutive securities included unexercised stock options and unvested restricted stock. Equity awards, warrants, and unvested share rights aggregating 14.9 million and 9.4 million shares for the three months ended September 30, 2015 and 2014, respectively, and 14.9 million and 15.1 million shares for the nine months ended September 30, 2015 and 2014, respectively, prior to the application of the treasury stock method, are excluded from the calculation of diluted EPS because they are anti-dilutive.

3. Inventory

The components of PIXUVRI inventory consisted of the following as of September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015	December 31, 2014
Finished goods	$ 1,122	$ 850
Work-in-process	2,185	3,332
Inventory, gross	3,307	4,182
Reserve for expiring inventory	(713)	—
Inventory, net	$ 2,594	$ 4,182

4. Long-term Debt

Baxalta

In June 2015, we entered into the First Amendment, or the Pacritinib License Amendment, to the Development, Commercialization and License Agreement, or the Original Pacritinib License Agreement, dated as of November 14, 2013, with Baxter International Inc., or Baxter. Baxalta Incorporated and its affiliates, or Baxalta, have been assigned Baxter's rights and obligations under the Original Pacritinib License Agreement. Pursuant to the Pacritinib License Amendment, two potential milestone payments in the aggregate amount of $32.0 million from Baxalta to us were accelerated from the schedule contemplated by the Original Pacritinib License Agreement relating to the following: the $12.0 million development milestone payment payable in connection with the regulatory submission to the EMA with respect to pacritinib, or the EMA Milestone, and the $20.0 million development milestone payment payable in connection with the first treatment dosing of the last patient enrolled in PERSIST-2, or the PERSIST-2 Milestone. Under the Pacritinib License Amendment, each of the two milestone advances bears interest at an annual rate of 9% percent until the earlier of the date of the first occurrence of the respective milestone or the date that the respective advance plus accrued interest is repaid in full.

In the event that pacritinib development is terminated due to certain specified reasons or the milestones are not achieved by respective deadlines (December 31, 2016 for the PERSIST-2 Milestone and March 31, 2017 for the EMA Milestone), we would be required to repay the respective advance to Baxalta in eight quarterly installments of $1.5 million relating to the EMA Milestone and $2.5 million relating to the PERSIST-2 Milestone, in each case beginning 30 days after the end of the calendar quarter of the first occurrence of such event, and a final payment equal to the remainder of the unpaid balance. Repayment of the advances will be accelerated in the event of the commencement of insolvency proceedings and certain other events of default. If a milestone is achieved, however, then we would remain entitled to the respective milestone payments. Additionally, in the event that we do not spend a specified amount on the development of pacritinib from the date of the amendment through February 29, 2016, payments to Baxalta in an amount equal to such deficiency may be required or credited against amounts owed to us under certain circumstances. In connection with this advance, we recorded debt issuance costs of $0.1 million. As of September 30, 2015, the outstanding balance of such advance was $32.0 million, and the unamortized issuance costs were $0.1 million.

Hercules

In June 2015, we entered into the Third Amendment, or the Third Amendment, to the Loan and Security Agreement, or the Loan Agreement, with Hercules Technology Growth Capital, Inc. and certain affiliates, or collectively, Hercules. Under the Third Amendment, Hercules agreed to provide term loans in an aggregate principal amount of up to $25.0 million, inclusive of the principal balance outstanding immediately prior to closing of the Third Amendment of $13.8 million, or collectively, the Term Loan Borrowings. We drew $6.2 million upon closing of the Third Amendment, resulting in a then-outstanding principal balance of $20.0 million under the Term Loan Borrowings. The remaining $5.0 million is available for borrowing at our option through June 30, 2016, subject to certain conditions. In connection with the Third Amendment, we paid a commitment fee of $15,000 and a facility charge of $0.3 million. The provision under the Loan Agreement requiring us to pay a fee to Hercules of $1.3 million on the date of repayment of the borrowings thereunder was amended pursuant to the Third Amendment, such that the fee will now be payable on the earliest to occur of (1) October 1, 2016, (2) the date on which the Term Loan Borrowings are prepaid in full or (3) the date on which the Term Loan Borrowings become due and payable in full.

The interest rate on the Term Loan Borrowings floats at a rate per annum equal to 10.95% plus the amount by which the prime rate exceeds 3.25%. We are initially required to make interest payments only on a monthly basis, followed by the 36 equal monthly installments of principal and interest (mortgage style) commencing on January 1, 2016. The interest-only period may be extended by up to six months at our option if we achieve certain milestones by certain specified deadlines. We may elect to prepay some or all of the Term Loan Borrowings at any time subject to a prepayment fee, if any, pursuant to the terms of the Third Amendment. Under certain circumstances, we may be required to prepay the Term Loan Borrowings with proceeds of asset dispositions. The Term Loan Borrowings are secured by a first priority security interest on substantially all of our personal property except our intellectual property and subject to certain other exceptions.

In connection with the Third Amendment, we issued a warrant to Hercules to purchase shares of common stock. The warrant is exercisable for five years from the date of issuance for 0.3 million shares of common stock at an initial exercise price is $1.71 per share. The exercise price is subject to adjustment if, within six months after closing of the Third Amendment, we issue shares of common stock or securities that are exercisable or convertible into shares of common stock in transactions not registered under the Securities Act of 1933, as amended, under certain circumstances at an effective price per share of common stock that is less than the then-effective exercise price of the warrant. In such case, the exercise price shall automatically be reduced to equal the price per share of common stock in such transaction. The exercise price under the warrant and the number of shares for which the warrant is exercisable are each subject to certain customary adjustments as set forth in the agreement representing the warrant. Since the warrant does not meet the considerations necessary for equity classification under the applicable authoritative guidance, we determined the warrant is a liability instrument that is marked to fair value with changes in fair value recognized through earnings at each reporting period. The warrant is categorized as Level 2 in the fair value hierarchy as the significant inputs used in determining fair value are considered observable market data. As of the issuance date and September 30, 2015, we estimate the fair value of the warrant to be $0.4 million and $0.2 million, respectively.

The modified terms under the Third Amendment are considered substantially different as compared to the terms of the Loan Agreement immediately prior to the Third Amendment, pursuant to ASC 470-50, *Modification and Extinguishment*. As such, the Third Amendment was accounted for as a debt extinguishment, resulting in a loss on debt extinguishment of $1.2 million which is included in *other non-operating expense.*

As of September 30, 2015 and December 31, 2014, the outstanding principal balance under our Loan Agreement, as amended by the Third Amendment, was $20.0 million and $18.5 million, unamortized debt discount was $0.3 million and $1.1 million, and unamortized issuance costs were $0.1 million and $0.2 million, respectively.

5. Common Stock

In September 2015, we entered into a subscription agreement with certain affiliates of BVF Partners L.P., or, collectively, BVF. Pursuant to the Subscription Agreement, we issued to BVF an aggregate of 10,000,000 shares of common stock at a purchase price per share of $1.57. The shares of common stock were offered directly to BVF without a placement agent or underwriter. The net proceeds from the offering, after deducting offering expenses, were approximately $15.1 million.

6. Legal Proceedings

As previously disclosed, on December 10, 2009, the Commissione Nazionale per le Società e la Borsa (which is the public authority responsible for regulating the Italian securities markets), or CONSOB, sent us a notice claiming, among other things, violation of the provisions of Section 114, paragraph 1 of the Italian Legislative Decree no. 58/98 due to the asserted late disclosure of the contents of the opinion expressed by Stonefield Josephson, Inc., an independent registered public accounting firm, with respect to

our 2008 financial statements. However, we understand that, according to applicable Italian law provisions as interpreted by applicable case law, CONSOB's right to pursue a pecuniary administrative sanction is considered barred due to the passage of time.

The Italian Tax Authority, or the ITA, issued notices of assessment to CTI (Europe) based on the ITA's audit of CTI (Europe)'s value added tax, or VAT, returns for the years 2003, 2005, 2006 and 2007, or, collectively, the VAT Assessments. The ITA audits concluded that CTI (Europe) did not collect and remit VAT on certain invoices issued to non-Italian clients for services performed by CTI (Europe). We believe that the services invoiced were non-VAT taxable consultancy services and that the VAT returns are correct as originally filed. We are defending ourselves against the assessments both on procedural grounds and on the merits of the case, although we can make no assurances regarding the ultimate outcomes of these cases. As of December 31, 2012, we reversed the entire reserve we had previously recorded relating to the VAT Assessments after having received favorable Provincial Tax Court rulings. In January 2013, our then remaining deposit for the VAT Assessments was refunded to us.

The current status of the legal proceedings surrounding each respective VAT year return at issue is as follows:

2003. In June 2013, the Regional Tax Court issued decision no. 119/50/13 in regards to the 2003 VAT assessment, which accepted the appeal of the ITA and reversed the previous decision of the Provincial Tax Court. In January 2014, we were notified that the ITA requested partial payment of the 2003 VAT assessment in the amount of €0.4 million (or $0.6 million), which we paid in March 2014. We believe that the decision of the Regional Tax Court did not carefully take into account our arguments and the documentation we filed, and in January 2014, we appealed such decision to the Italian Supreme Court both on procedural grounds and on the merits of the case.

2005, 2006 and 2007. The ITA has appealed to the Italian Supreme Court the decisions of the respective appellate Regional Tax Court, which ruled in our favor, with respect to each of the 2005, 2006 and 2007 VAT returns.

If the final decisions of the Italian Supreme Court for the VAT Assessments are unfavorable to us, we may incur up to $10.5 million in losses for the VAT amount assessed including penalties, interest and fees upon conversion from euros as of September 30, 2015.

On May 13, 2015, the Company (as nominal defendant) and our directors (as individual defendants) entered into a memorandum of understanding to settle the pending lawsuit in King County Superior Court in the State of Washington docketed as *Lopez & Gilbert v. Nudelman, et al* ., Case No. 14-2-18941-9 SEA, or the Settlement. The provisions of the Settlement include the following terms, which are subject to final court approval:

- We will cancel and the non-employee directors will agree to the rescission of all currently outstanding equity awards that we previously granted to non-employee directors that included performance-based vesting metrics and as to which the performance goals remained unsatisfied as of May 13, 2015;
- Our current non-employee directors will agree to hold (not transfer or sell or encumber in any way) until September 14, 2015 shares of our stock that they currently own and that we awarded to them during 2011, or at any time after 2011 to the present, and that, at the time of the award by us, was fully-vested and unrestricted;
- We will cap the total annual compensation provided by it to its non-employee directors for each of 2015 and 2016. Such annual compensation cap for each non-employee director for each of 2015 and 2016 will be the greater of (i) $375,000, plus, as to our Board Chairman, an additional $100,000, or (ii) the 75th percentile of compensation paid by a group of peer companies to their non-employee directors (and, in the case of our Chairman, the 75th percentile of compensation paid by such peers who have a non-employee director chair of their respective board of directors to such non-employee director chairs). The peer group for these purposes will be selected based on advice from the outside compensation consultant. For purposes of the compensation cap and the peer group comparison, compensation will be determined and measured consistent with the rules under Item 402 of Regulation S-K under the Securities Exchange Act of 1934, as amended, and based on publicly-available information at the applicable time; and
- We will implement, if not already implemented, within 90 days following final approval of the Settlement by the court, and maintain until at least the end of calendar year 2017 the following: an annual board discussion of non-employee director compensation philosophy; the use of a compensation consultant to advise the Compensation Committee on material decisions concerning non-employee director compensation issues and compare our non-employee director compensation program to a group of our peers; the use of plain language in our compensation-related public filings; and obtain confirmation from our legal department and outside legal counsel advising on executive compensation matters that any contemplated non-employee director awards do not materially violate the applicable plan or materially fail to comply with applicable law.

On September 24, 2015, the court issued an order granting preliminary approval to the Settlement. The court has scheduled a final hearing on December 10, 2015 to determine, among other things, whether it should issue an order for final approval of the Settlement.

We currently anticipate that we will be obligated to pay an amount for plaintiffs' legal fees and expenses, which will ultimately be subject to court approval. However, in light of our existing insurance coverage, we do not anticipate that the payment of the ultimate fee award will have a material effect on our financial position or results of operations. The amount of our reasonable estimate of liability as of September 30, 2015, though immaterial, was accrued for in our financial statements as of September 30, 2015.

7. Share-based Compensation Expense

The following table summarizes share-based compensation expense for the three and nine months ended September 30, 2015 and 2014, which was allocated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Research and development	$ 1,430	$ 801	$ 3,168	$ 2,617
Selling, general and administrative	4,458	3,036	9,829	14,405
Total share-based compensation expense	$ 5,888	$ 3,837	$ 12,997	$ 17,022

For the three and nine months ended September 30, 2015 and 2014, we incurred share-based compensation expense due to the following types of awards (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Performance rights	$ 3,262	$ 427	$ 4,103	$ 1,121
Restricted stock	1,796	2,864	6,754	12,512
Options	830	546	2,140	3,389
Total share-based compensation expense	$ 5,888	$ 3,837	$ 12,997	$ 17,022

8. Other Comprehensive Income (Loss)

Total accumulated other comprehensive income (loss) consisted of the following (in thousands):

	Net Unrealized Loss on Securities Available-For-Sale	Foreign Currency Translation Adjustments	Unrealized foreign exchange loss on intercompany balance	Accumulated Other Comprehensive Loss
December 31, 2014	$ (490)	$ (6,009)	$ —	$ (6,499)
Current period other comprehensive income (loss)	(16)	1,462	(1,832)	(386)
September 30, 2015	$ (506)	$ (4,547)	$ (1,832)	$ (6,885)

9. Leases

Our deferred rent balance was $4.1 million as of September 30, 2015, of which $0.5 million was included in *other current liabilities* and $3.6 million was included in *other liabilities*. As of December 31, 2014, our deferred rent balance was $4.4 million, of which $0.4 million was included in *other current liabilities* and $4.0 million was included in *other liabilities*.

10. Subsequent Events

In October 2015, in an underwritten public offering, we issued 50,000 shares of our Series N-1 convertible preferred stock, or Series N-1 Preferred Stock, for gross proceeds of $50.0 million before deducting underwriting commissions and discounts and other offering costs. Issuance costs related to this transaction were approximately $3.5 million, including $3.0 million in underwriting commissions and discounts.

The Series N-1 Preferred Stock was convertible at the holder's option at an initial conversion price of $1.25 per share of common stock. Each share of Series N-1 Preferred Stock was entitled to a liquidation preference equal to the initial stated value of $1,000 per share of Series N-1 Preferred Stock, plus any declared and unpaid dividends, and any other payments that may be due on such shares, before any distribution of assets may be made to holders of capital stock ranking junior to the Series N-1 Preferred Stock. The Series N-1 Preferred Stock was not entitled to dividends except to share in any dividends actually paid on common stock or any *pari passu* or junior securities. The Series N-1 Preferred Stock had no voting rights, except as otherwise expressly provided in the amended articles or as otherwise required by law.

In October 2015, all 50,000 shares of Series N-1 Preferred Stock were converted into 40.0 million shares of common stock.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q may contain, in addition to historical information, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and should be read in conjunction with the Condensed Consolidated Financial Statements and the related Notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q. When used in this Quarterly Report on Form 10-Q, terms such as "anticipates," "believes," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," or "will" or the negative of those terms or other comparable terms are intended to identify such forward-looking statements. Such statements, which include statements concerning sufficiency of cash resources and other projections, product manufacturing and sales, research and development expenses, selling, general and administrative expenses, financings and additional losses. These statements are based on assumptions about many important factors and information currently available to us to the extent that we have thus far had an opportunity to fully and carefully evaluate such information in light of all surrounding facts, circumstances, recommendations and analyses. Additionally, these statements are subject to known and unknown risks and uncertainties, including, but not limited to, those discussed below and elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ending December 31, 2014, or the 2014 Form 10-K, particularly in "Factors Affecting Our Business, Financial Condition, Operating Results and Prospects," that could cause actual results, levels of activity, performance or achievements to differ significantly from those projected. Although we believe that expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We will not update any of the forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or changes in our expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q.

OVERVIEW

We are a biopharmaceutical company focused on the acquisition, development and commercialization of novel targeted therapies covering a spectrum of blood-related cancers that offer a unique benefit to patients and health care providers. Our goal is to build a profitable company by generating income from products we develop and commercialize, either alone or with partners. We are currently concentrating our efforts on treatments that target blood-related cancers where there is an unmet medical need. In particular, we are primarily focused on commercializing PIXUVRI® (pixantrone), or PIXUVRI, in select countries in the European Union, or the E.U., for multiply relapsed or refractory aggressive B-cell non-Hodgkin lymphoma, or NHL, and conducting a Phase 3 clinical trial program evaluating pacritinib for the treatment of adult patients with myelofibrosis to support regulatory submission for approval in the United States, or the U.S., and Europe. We are also evaluating pacritinib in early phase clinical trials as treatment for other blood-related cancers.

PIXUVRI

PIXUVRI is a novel aza-anthracenedione with unique structural and physiochemical properties. In May 2012, the European Commission granted conditional marketing authorization in the E.U. for PIXUVRI as a monotherapy for the treatment of adult patients with multiply relapsed or refractory aggressive B-cell NHL. PIXUVRI is the first approved treatment in the E.U. for patients with multiply relapsed or refractory aggressive B-cell NHL who have failed two or three prior lines of therapy. As a part of the conditional marketing authorization, we are required to conduct a post-authorization trial, which we refer to as PIX306, which compares PIXUVRI and rituximab with gemcitabine and rituximab in the setting of aggressive B-cell NHL. Pursuant to our conditional marketing authorization, we are required to submit the requisite clinical study report for PIX306 by November 2016. We plan to request an extension to such deadline. Although we do not have and are not currently pursuing regulatory approval of PIXUVRI in the U.S., we may reevaluate a possible submission strategy in the U.S. based on the data generated from PIX306.

In September 2014, we entered into an exclusive license and collaboration agreement, or the Servier Agreement, with Les Laboratoires Servier and Institut de Recherches Internationales Servier, or collectively, Servier, with respect to the development and commercialization of PIXUVRI. Under the Servier Agreement, we have full commercialization rights to PIXUVRI in Austria, Denmark, Finland, Germany, Israel, Norway, Sweden, Turkey, the United Kingdom, or U.K., and the U.S., while Servier has exclusive rights to commercialize PIXUVRI in all other countries. For additional information on our collaboration with Servier, see Part I, Item 2, "License Agreements and Milestone Activities – Servier."

PIXUVRI is currently available in Austria, Denmark, Finland, France, Germany, Israel, Italy, Netherlands, Norway, Sweden and the U.K. and has achieved reimbursement decisions under varying conditions in England/Wales, Italy, France, Germany, the Netherlands and Spain. In almost all European markets, pricing and availability of prescription pharmaceuticals are subject to governmental control.

Pacritinib

Our lead development candidate, pacritinib, is an investigational oral kinase inhibitor with specificity for JAK2, FLT3, IRAK1 and CSF1R. The JAK family of enzymes is a central component in signal transduction pathways, which are critical to normal blood cell growth and development, as well as inflammatory cytokine expression and immune responses. Mutations in these kinases have been shown to be directly related to the development of a variety of blood-related cancers, including myeloproliferative neoplasms, leukemia and lymphoma. In addition to myelofibrosis, the kinase profile of pacritinib suggests its potential therapeutic utility in conditions such as acute myeloid leukemia, or AML, myelodysplastic syndrome (MDS), chronic myelomonocytic leukemia (CMML), and chronic lymphocytic leukemia (CLL) due to its inhibition of c-fms, IRAK1, JAK2, and FLT3.

We are pursuing a broad approach to advancing pacritinib for adult patients with myelofibrosis by conducting two Phase 3 clinical trials: one in a broad set of patients without limitations on blood platelet counts, the PERSIST-1 trial; and the other in patients with low platelet counts, the PERSIST-2 trial. Myelofibrosis is a rare blood cancer associated with significantly reduced quality of life and shortened survival. As the disease progresses, the body slows production of important blood cells and within one year of diagnosis, the incidence of disease-related thrombocytopenia (very low blood platelet counts), severe anemia and red blood cell transfusion requirements increase significantly. Among other complications, most patients with myelofibrosis present with enlarged spleens (splenomegaly), as well as many other potentially devastating physical symptoms such as abdominal discomfort, bone pain, feeling full after eating little, severe itching, night sweats and extreme fatigue. We believe pacritinib may offer an advantage over other JAK inhibitors through effective treatment of symptoms while having less treatment-emergent thrombocytopenia and anemia than has been seen in the currently approved JAK inhibitor.

PERSIST-1 is a randomized (2:1), open-label, multinational Phase 3 registration-directed trial comparing the efficacy and safety of pacritinib with that of best available therapy other than JAK inhibitors, in 327 patients with myelofibrosis, without exclusion for low platelet counts. Fifty-one of the 327 patients receiving pacritinib or best available therapy in the study and 35 of the 253 evaluable patients had platelet counts of less than 50,000 per microliter (<50,000/uL). In May 2015, data from PERSIST-1 showed that compared to best available therapy (exclusive of a JAK inhibitor) pacritinib therapy resulted in a significantly higher proportion of patients with spleen volume reduction and control of disease-related symptoms. Treatment with pacritinib resulted in improvements in severe thrombocytopenia and severe anemia, eliminating the need for blood transfusions in a quarter of patients who were transfusion dependent at the time of enrollment. Gastrointestinal symptoms were the most common adverse events and typically lasted for approximately one week. A limited number of patients discontinued treatment due to side effects. There were no Grade 4 gastrointestinal events reported. These results were presented at a late-breaking oral session at the 51st Annual Meeting of the American Society of Clinical Oncology Annual Meeting. Additionally, in June 2015, results from PERSIST-1 patient-reported outcome (PRO) and other quality of life measures presented at a late-breaking oral session at the 20th Congress of the European Hematology Association showed significant improvements in symptom score with pacritinib therapy compared to best available therapy (exclusive of a JAK inhibitor) across the symptoms reported in the presentation.

In October 2013, we reached agreement with the Food and Drug Administration, or the FDA, on a Special Protocol Assessment, or SPA, for the PERSIST-2 trial. The SPA is a written agreement between us and the FDA regarding the design, endpoints and planned statistical analysis approach of the trial to be used in support of a New Drug Application, or NDA, submission. The design of PERSIST-1 and PERSIST-2 allows for patients on the best availability therapy arm to crossover and receive treatment with pacritinib if their disease progresses or after they achieve the 24-week measurement endpoint. Although crossover design of clinical trials may confound evaluation of survival, such designs are frequently used in cancer studies, and the FDA has approved multiple oncology drugs that utilized crossover design in Phase 3 trials. The Independent Data Monitoring Committee, or IDMC, in place at the time for the PERSIST program recommended patients on the best available therapy arm should not crossover to receive pacritinib due to non-statistically significant safety concerns in patients who crossover after 24 weeks, which crossover confounds evaluation of survival. After receiving input from external independent experts and providing the FDA the PERSIST-1 data, IDMC's recommendation and correspondence, we and Baxalta Incorporated and its affiliates, or Baxalta, notified the FDA of the decision to proceed per protocol. Following a written response in lieu of a Type C meeting with the FDA, we and Baxalta determined that no modifications to the ongoing trials were required. Enrollment in PERSIST-2, which is designed to enroll up to 300 patients in North America, Europe, Australia, New Zealand and Russia, is continuing, and we have recently constituted a new IDMC for PERSIST-2.

PERSIST-2 is a randomized (2:1), open-label, multinational Phase 3 clinical trial evaluating pacritinib compared to best available therapy, including the approved JAK inhibitor, dosed according to product label for patients with myelofibrosis whose platelet counts are less than or equal to 100,000 per microliter (≤100,000/uL). Based on current timelines, PERSIST-2 enrollment is expected to be completed in the first quarter of 2016.

In September 2015, following a pre-NDA meeting for pacritinib, we announced our plan to submit a new drug application, or NDA, to the FDA in the fourth quarter of 2015. We expect to submit the NDA in the fourth quarter of 2015 and to request accelerated approval and priority review for the treatment of patients with intermediate and high-risk myelofibrosis with low platelet counts <50,000/uL. The NDA will be based primarily on data from the PERSIST-1 Phase 3 trial, as well as data from Phase 1 and 2 studies

of pacritinib, and additional information requested by the FDA, including a separate study report and datasets for the specific patient population with low platelet counts 50,000/uL for whom there are no approved drugs. Submission of an NDA after a single Phase 3 trial under accelerated approval, instead of waiting to complete two Phase 3 trials, could potentially reduce time to market by up to 14 months.

Under the Pacritinib License Agreement (defined below), we share joint commercialization rights to pacritinib with Baxalta in the U.S., while Baxalta has exclusive commercialization rights for all indications outside the U.S. For additional information relating to the Pacritinib License Agreement, see Part I, Item 2, "License Agreements and Milestone Activities—Baxalta".

Tosedostat

Our earlier stage product candidate, tosedostat, is a novel oral, once-daily aminopeptidase inhibitor that has demonstrated significant responses in patients with AML. Tosedostat is currently being evaluated in several Phase 2 cooperative group-sponsored trials and investigator sponsored trials. These clinical trials are evaluating tosedostat in combination with hypomethylating agents in AML and myelodysplastic syndrome, which are cancers of the blood and bone marrow. We anticipate data from these signal-finding trials may be used to determine an appropriate design for a potential Phase 3 trial.

In June 2015, data from an investigator-sponsored Phase 2 trial of tosedostat in elderly patients with either primary AML or AML that has evolved from myelodysplastic syndrome showed the combination of tosedostat with low-dose cytarabine/Ara-C resulted in an overall response rate of 54 percent, with 45 percent of patients achieving durable complete responses. These findings were presented at the 20th Congress of the European Hematology Association.

Recent Changes to Our Board of Directors and Its Committees

On October 13, 2015, our board of directors appointed Richard L. Love as a member and chairman of the Audit Committee and determined that he qualifies as an "audit committee financial expert" in accordance with the applicable rules of the SEC. Mr. Love also continues to serve as chairman of the Audit Committee and as a member of the Compensation Committee and the Nominating and Governance Committee. On October 19, 2015, Phillip M. Nudelman, Ph.D. was appointed to serve as chairman of the Nominating and Governance Committee of our board of directors, effective immediately. Dr. Nudelman also continues to serve as a member of the Audit Committee and Compensation Committee of our board of directors, as well as the chairman of our board of directors.

On October 20, 2015, John H. Bauer resigned from our board of directors.

Financial summary

Our revenues are generated from a combination of PIXUVRI sales and collaboration and license agreements. Collaboration revenues reflect the earned amount of upfront payments and milestone payments under our product collaborations. Total revenues were $1.0 million for the three months ended September 30, 2015, compared to $39.5 million for the same period in 2014. Total revenues decreased to $4.8 million for the nine months ended September 30, 2015, compared to $42.3 million for the same period in 2014. Our loss from operations for the three and nine months ended September 30, 2015 was $32.0 million and $90.5 million, respectively, compared to income of $7.5 million and a loss of $46.9 million during the same periods in 2014. Our results of operations may vary substantially from year to year and from quarter to quarter and, as a result, you should not rely on them as being indicative of our future performance.

On September 24, 2015, we entered into a subscription agreement with certain affiliates of BVF Partners L.P., or, collectively, BVF. Pursuant to the subscription agreement, we issued to BVF an aggregate of 10 million shares of common stock at a purchase price per share of $1.57. The net proceeds from the offering, after deducting offering expenses, were approximately $15.1 million. We closed the registered direct offering on September 29, 2015.

As of September 30, 2015, we had cash and cash equivalents of $46.4 million.

Subsequent to September 30, 2015, we issued 50,000 shares of preferred stock (which were subsequently converted into 40 million shares of common stock) for net proceeds of approximately $46.5 million in an underwritten equity offering that closed on October 30, 2105. See Part I, Item 1, Note 10, *Subsequent Events,* in this Quarterly Report on Form 10-Q, which note is incorporated herein by reference.

RESULTS OF OPERATIONS

Three and nine months ended September 30, 2015 and 2014

Product sales, net. Product sales, net from PIXUVRI were $0.7 million and $2.0 million for the three months ended September 30, 2015 and 2014, and $2.4 million and $4.4 million for the nine months ended September 30, 2015 and 2014, respectively. We sell PIXUVRI through a limited number of wholesale distributors and directly to health care providers in Austria, Denmark, Finland, Germany, Norway, Sweden and England. Servier is responsible for distribution of PIXUVRI in the respective countries in its territory. We generally record product sales upon receipt of the product by the health care provider or distributor at which time title and risk of loss pass.

Product sales are recorded net of distributor discounts, estimated government-mandated discounts and rebates, trade discounts and estimated product returns. The decrease in net product sales of $1.3 million for the three months ended September 30, 2015 and $2.0 million for the nine months ended September 30, 2015 compared to the same periods in 2014 was primarily related to the pricing and volume variances between the periods presented as well as the decline in average exchange rate of the euro for our euro-denominated sales. Any expansion of our commercial operations in E.U. (including with regard to sales of PIXUVRI) may increase our exposure to fluctuations in foreign currency exchange rates. Any future revenues are dependent on market acceptance of PIXUVRI, the reimbursement decisions made by governmental authorities in each country where PIXUVRI is available for sale and other factors.

Gross sales is defined as our contracted reimbursement price in each country. Gross sales from PIXUVRI were $0.7 million and $2.1 million for the three months ended September 30, 2015 and 2014, and $2.4 million and $4.5 million for the nine months ended September 30, 2015 and 2014, respectively.

Product sales, net for the three months ended September 30, 2015 and 2014 includes a provision for discounts, rebates and other of $4,000 and $32,000 for current period sales, respectively. Product sales, net for the nine months ended September 30, 2015 and 2014 includes a provision for discounts, rebates and other of $22,000 and $0.1 million for current period sales, respectively. The provision for discounts, rebates and other during the periods presented primarily relates to distributor discounts on PIXUVRI product sold.

The provision for product returns relates to a limited right of return or replacement that we offer to certain customers. There was no material activity related to the product returns during the periods presented.

During the periods presented, there were no material payments and credits applied towards provision for discounts, rebates and other for current or prior period sales.

As of September 30, 2015, the balances of reserve for product returns of $12,000, and reserve for discounts, rebates and other of $26,000, are reflected in *accounts receivable* and *accrued expenses*, respectively. As of September 30, 2014, the balances were $0.1 million for both the product returns reserve and the reserve for discounts, rebates and other.

License and Contract Revenues

License and contract revenues are summarized as follows (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2015	2014	2015	2014
Baxalta	License revenue	$ —	$ 18,183	$ —	$ 18,183
	Development services revenue	$ 193	2,049	604	$ 2,387
	Total Baxalta	193	20,232	604	20,570
Servier	License revenue	—	17,277	1,622	17,277
	Development services revenue	26	4	157	4
	Royalty revenue	5	—	15	—
	Total Servier	31	17,281	1,794	17,281
Total license and contract revenue		$ 224	$ 37,513	$ 2,398	$ 37,851

Baxalta

The license and contract revenue under the Pacritinib License Agreement for each of the three months ended September 30, 2015 and 2014 includes $0.2 million of development services revenue recognized from the upfront payment we received in connection with the Pacritinib License Agreement in 2013. $0.6 million of such revenue was recognized for each of the nine months ended September 30, 2015 and 2014.

In August 2014, we received a $20 million milestone payment under the Pacritinib License Agreement in connection with the first treatment dosing of the last patient enrolled in PERSIST-1. Of the $20 million milestone payment, $18.2 million was allocated to license revenue and $1.8 million was allocated to development services revenue in the table above based on the relative-selling-price percentages originally used to allocate the arrangement consideration under the Pacritinib License Agreement.

For additional information relating to the Pacritinib License Agreement, see Part I, Item 2, "License Agreements and Milestone Activities—Baxalta".

Servier

The license and contract revenue under the Servier Agreement for the nine months ended September 30, 2015 includes $1.6 million of license revenue and $0.2 million of development services revenue. In February 2015, we received a €1.5 million milestone payment (or $1.7 million using the currency exchange rate as of the date we received the funds) relating to the attainment of reimbursement approval for PIXUVRI in Spain. We allocated the milestone payment in the table above based on the relative-selling-price percentages originally used to allocate the arrangement consideration under the Servier Agreement. There were no such milestone payments received in other periods presented.

In connection with the execution of the Servier Agreement in September 2014, we allocated and recorded $17.3 million and $0.8 million from the upfront payment we received under the Servier Agreement to license revenue and deferred revenue, respectively. During the three months ended September 30, 2014, $4,000 was recognized as revenue and included in development services revenue in the table above.

For additional information on our collaboration with Servier, see Part I, Item 2, "License Agreements and Milestone Activities – Servier".

The following table illustrates such balances of deferred revenue under each of the Pacritinib License Agreement and the Servier Agreement as of September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015	December 31, 2014
Current portion of deferred revenue		
Baxalta	$ 550	$ 724
Servier	102	102
Total current portion of deferred revenue	652	826
Deferred revenue, less current portion		
Baxalta	630	1,059
Servier	642	720
Total deferred revenue, less current portion	1,272	1,779
Total deferred revenue	$ 1,924	$ 2,605

Operating costs and expenses

Cost of product sold. Cost of product sold is related to sales of PIXUVRI. Cost of product sold for each of the three months ended September 30, 2015 and 2014 was $0.8 million and $0.3 million, respectively. Cost of product sold for the nine months ended September 30, 2015 and 2014 was $1.2 million and $0.6 million, respectively. Based on assessment of shelf lives and net realizable value of the product, a $0.7 million reserve for excess, obsolete or unsalable inventory was recorded as of September 30, 2015, which was the primary factor in these increases. The euro experienced a decline between comparable periods which partially offset the overall increases. We began capitalizing costs related to the production of PIXUVRI in February 2012 upon receiving a positive opinion for conditional marketing authorization by the Committee for Medicinal Products for Human Use, or the CHMP, which is a committee of the European Medicines Agency, or the EMA. While we tracked the quantities of individual PIXUVRI product lots, we did not track manufacturing costs prior to capitalization, and therefore, the manufacturing cost of PIXUVRI produced prior to

capitalization is not reasonably determinable. Most of this reduced-cost inventory is expected to be available for us to use commercially; however, we have reserved $0.7 million of existing inventory expected to be unsalable. The timing of the sales of such reduced-cost inventory and its impact on gross margin is dependent on the level of PIXUVRI sales as well as our ability to utilize this inventory prior to its expiration date. We expect that our cost of product sold as a percentage of product sales may increase in future periods as PIXUVRI product manufactured and expensed prior to capitalization is sold; however, such future cost trend will ultimately depend on several factors in the near term, including, but not limited to, the consumption rate and availability of reduced cost inventory, the effect of expiring inventory and applicable manufacturing pricing structures (which will depend, in part, on the particular drug substance manufacturers we select).

Research and development expenses. Our research and development expenses for compounds under development and preclinical development were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Compounds:				
PIXUVRI	$ 2,925	$ 1,761	$ 11,249	$ 4,340
Pacritinib	8,393	9,444	25,455	22,580
Opaxio	578	29	590	270
Tosedostat	131	123	390	408
Operating expenses	6,177	4,909	16,762	14,452
Research and preclinical development	200	262	749	675
Total research and development expenses	$ 18,404	$ 16,528	$ 55,195	$ 42,725

Costs for our compounds include external direct expenses such as principal investigator fees, charges from clinical research organizations, or CROs, and contract manufacturing fees incurred for preclinical, clinical, manufacturing and regulatory activities associated with preparing the compounds for submissions of NDAs or similar regulatory filings to the FDA, the EMA or other regulatory agencies outside the U.S. and Europe, as well as upfront license fees for acquired technology. Subsequent to receiving a positive opinion for conditional approval of PIXUVRI in the E.U. from the EMA's CHMP, costs associated with commercial batch production, quality control, stability testing, and certain other manufacturing costs of PIXUVRI were capitalized as inventory. Operating expenses include our personnel and an allocation of occupancy, depreciation and amortization expenses associated with developing these compounds. Research and preclinical development costs primarily include costs associated with external laboratory services associated with the compound licensed to and under development by Aequus Biopharma, Inc. We are not able to capture the total cost of each compound because we do not allocate operating expenses to all of our compounds. External direct costs incurred by us as of September 30, 2015 were $105.2 million for PIXUVRI (excluding costs prior to our 2004 merger with Novuspharma S.p.A, formerly a public pharmaceutical company located in Italy), $72.3 million for pacritinib (excluding costs for pacritinib prior to our acquisition of certain assets from S*BIO Pte Ltd, or S*BIO, in May 2012 and $29.1 million of in-process research and development expenses associated with the acquisition of certain assets from S*BIO), $227.8 million for Opaxio, $11.8 million for tosedostat (excluding costs for tosedostat prior to our co-development and license agreement with Chroma Therapeutics Limited, or Chroma, in 2011 and $21.9 million of in-process research and development expenses associated with the acquisition of certain assets from Chroma). External direct costs incurred by us as of September 30, 2015 were $9.6 million for brostallicin. We did not expend material resources on brostallicin during the periods presented.

Research and development expenses increased to $18.4 million for the quarter ended September 30, 2015 compared to $16.5 million for the quarter ended September 30, 2014. The increase in research and development expenses of $1.9 million was primarily attributed to a ramp-up in patients accrued in our ongoing PIX306 trial and to operating expenses associated with supporting the research and development program of our portfolio compounds. Research and development expenses increased to $55.2 million for the nine months ended September 30, 2015 compared to $42.7 million for the same period in 2014. The increase of $12.5 million was primarily attributed to a ramp-up of patients accrued in our ongoing PIX306 trial, including establishing additional sites throughout Europe; our continuing development of pacritinib for myelofibrosis, including our ongoing PERSIST-1 and PERSIST-2 Phase 3 clinical trials and operating expenses associated with supporting our research and development efforts across our portfolio of compounds.

Regulatory agencies, including the FDA and EMA, regulate many aspects of a product candidate's life cycle, including research and development and preclinical and clinical testing. We will need to commit significant time and resources to develop our current and any future product candidates. Our product candidates pacritinib, tosedostat and Opaxio are currently in clinical development, and our product PIXUVRI, which is currently being commercialized in parts of Europe, is undergoing a post-authorization trial. Many drugs in human clinical trials fail to demonstrate the desired safety and efficacy characteristics. We are unable to provide the nature, timing and estimated costs of the efforts necessary to complete the development of pacritinib, tosedostat and Opaxio, and to complete

the post-authorization PIX306 trial of PIXUVRI, because, among other reasons, we cannot predict with any certainty the pace of patient enrollment of our clinical trials, which is a function of many factors, including the availability and proximity of patients with the relevant condition and the availability of the compounds for use in the applicable trials. We rely on third parties to conduct clinical trials, which may result in delays or failure to complete trials if the third parties fail to perform or meet applicable standards. Even after a clinical trial is enrolled, preclinical and clinical data can be interpreted in different ways, which could delay, limit or preclude regulatory approval and advancement of this compound through the development process. We or regulatory authorities may suspend clinical trials at any time on the basis that the participants are being exposed to unacceptable health risks. Even if our drugs progress successfully through initial human testing in clinical trials, they may fail in later stages of development. A number of companies in the pharmaceutical industry, including us, have suffered significant setbacks in advanced clinical trials, even after reporting promising results in earlier trials. For these reasons, among others, we cannot estimate the date on which clinical development of our product candidates will be completed, if ever, or when we will generate material net cash inflows from PIXUVRI or be able to begin commercializing pacritinib, tosedostat or Opaxio to generate material net cash inflows. In order to generate revenue from these compounds, our product candidates need to be developed to a stage that will enable us to commercialize, sell or license related marketing rights to third parties.

We also enter into collaboration agreements for the development and commercialization of our product candidates. We cannot control the amount and timing of resources our collaborators devote to product candidates, which may also result in delays in the development or marketing of products. Because of these risks and uncertainties, we cannot accurately predict when or whether we will successfully complete the development of our product candidates or the ultimate product development cost.

The risks and uncertainties associated with completing development on schedule and the consequences to operations, financial position and liquidity if the project is not timely completed are discussed in more detail in our risk factors, which can be found in Part II, Item 1A, "Risk Factors", of this Quarterly Report on Form 10-Q.

Selling, general and administrative expenses. Selling, general and administrative expenses were $13.7 million for the three months ended September 30, 2015 as compared to $12.6 million for the same period in 2014. This increase was primarily due to a $1.4 million increase in non-cash share-based compensation and other personnel costs. This increase was partially offset by decreases in consulting costs, legal fees and other professional services. Selling, general and administrative expenses were $38.6 million for the nine months ended September 30, 2015 as compared to $43.1 million for the same period in 2014. This decrease was primarily due to a $4.6 million decrease in non-cash share-based compensation. The euro experienced a decline between comparable periods which was also a contributing factor to a decrease during current periods presented.

Other operating expense. Other operating expense for the periods presented represent payments made to Novartis International Pharmaceutical Ltd., or Novartis, as a result of the milestone payments we received under the Servier Agreement. There was no such payment made during the three months ended September 30, 2015.

Non-operating income and expenses

Interest expense. Interest expense for the three and nine months ended September 30, 2015 was primarily related to our senior secured term loan and the Baxalta milestone advances. Interest expense for the same periods in 2014 was primarily related to our senior secured term loan.

Amortization of debt discount and issuance costs. Amortization of debt discount and issuance costs for the three and nine months ended September 30, 2015 was related to our senior secured term loan and the Baxalta milestone advances whereas amortization of debt discount and issuance costs for the same periods in 2014 was related to our senior secured term loan.

Foreign exchange loss. The foreign exchange loss for the three and nine months ended September 30, 2015 and for the same periods in 2014 is due to fluctuations in foreign currency exchange rates, primarily related to operations in our European branches and subsidiaries denominated in foreign currencies.

Other non-operating expense. Other non-operating net income of $0.2 million for the three months ended September 30, 2015 primarily includes the fair value adjustment of the warrant liability. Other non-operating net loss of $1.0 million for the nine months ended September 30, 2015 was primarily related to a $1.2 million loss on debt extinguishment in connection with our entry into an amendment to our senior secured term loan agreement, partially offset by the fair value adjustment of the warrant liability. Please see Part I, Item 1, Note 4, *Long-term Debt*, in this Quarterly Report on Form 10-Q, which note is incorporated herein by reference, for further information. Other non-operating expense for the same periods in 2014 was primarily related to the change in fair value of the warrant issued pursuant to our senior secured term loan agreement.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Cash and cash equivalents. As of September 30, 2015, we had $46.4 million in cash and cash equivalents.

Net cash used in operating activities. Net cash used in operating activities increased to $73.1 million during the nine months ended September 30, 2015 as compared to $43.4 million for the same period in 2014. In August 2014, we received a $20.0 million milestone payment under the Pacritinib License Agreement in connection with the first treatment dosing of the last patient enrolled in PERSIST-1, resulting in the lower amount of cash used in operating activities in 2014 compared to 2015. In addition, there was an increase in research and development activities incurred in connection with our pacritinib development program and our PIX306 trial.

Net cash used in investing activities. Net cash used in investing activities decreased to $31,000 for the nine months ended September 30, 2015 compared to $0.3 million for the same period in 2014 due to a decrease in purchases of property and equipment.

Net cash provided by (used in) financing activities. Net cash provided by financing activities was $48.2 million for the nine months ended September 30, 2015 compared to $0.2 million net cash used in financing activities for the same period in 2014. The increase in net cash provided was primarily due to the proceeds received under our senior secured term loan agreement in June 2015, the Baxalta milestone advance received in June 2015 and the net proceeds from the equity offering we received in September 2015, each as discussed below.

In June 2015, we amended our senior secured term loan agreement pursuant to which we received $6.2 million (less fees and expenses) in additional borrowed funds, thereby resulting in an outstanding principal balance thereunder of $20.0 million as of September 30, 2015. An additional $5.0 million is available for borrowing at our option through June 30, 2016, subject to the satisfaction of certain conditions. For a discussion of such loan agreement, please see Part I, Item 1, Note 4, *Long-term Debt*, in this Quarterly Report on Form 10-Q.

In June 2015, we received an advance of potential milestone payments from Baxalta in the aggregate amount of $32.0 million relating to the development milestone payment payable to us in connection with the regulatory submission to the EMA with respect to pacritinib, or the EMA Milestone, and the development milestone payment payable to us for the first treatment dosing of the last patient enrolled in PERSIST-2, or the PERSIST-2 Enrollment Milestone. For a discussion of the terms of such advanced funds, including the applicable interest rate and events that may trigger repayment thereof, see Part I, Item 2, “License Agreements and Milestone Activities—Baxalta”.

In September 2015, in a registered direct offering, we issued to BVF an aggregate of 10 million shares of common stock at a purchase price per share of $1.57 for net proceeds of approximately $15.1 million.

Subsequent to September 30, 2015, we issued 50,000 shares of preferred stock (which were converted into 40 million shares of common stock at a conversion price per common share of $1.25) for net proceeds of approximately $46.5 million in an underwritten equity offering that closed on October 30, 2015. See Part I, Item 1, Note 10, *Subsequent Events,* in this Quarterly Report on Form 10-Q, which note is incorporated herein by reference.

Capital Resources

We have prepared our financial statements assuming that we will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business. We believe that our present financial resources, together with milestone payments projected to be received under certain of our contractual agreements and our ability to control costs, will be sufficient to fund our operations through the fourth quarter of 2016. However, we have incurred net losses since inception and expect to generate losses for the next few years primarily due to research and development costs for PIXUVRI, pacritinib, Opaxio and tosedostat. We have historically funded our operations through equity financings, borrowings and funds obtained under product collaborations, any or all of which may not be available to us in the future. As of September 30, 2015, our available cash and cash equivalents were $46.4 million, and, as noted above, we subsequently raised net proceeds of approximately $46.5 million in an underwritten offering. We had an outstanding principal balance under our senior secured term loan agreement of $20.0 million, and an additional $5.0 million is available for borrowing thereunder at our option through June 30, 2016, subject to the lender’s receipt of the following: (1) on or prior to December 31, 2015, satisfactory evidence of the achievement of full patient enrollment in PERSIST-2; and (2) on or prior to June 30, 2016, satisfactory evidence of the achievement of positive data in connection for PERSIST-2. We also had an outstanding balance of $32.0 million classified as debt as a result of the Baxalta milestone advance received in June 2015. Refer to the discussion above for further details regarding these borrowings.

Financial resource forecasts are subject to change as a result of a variety of risks and uncertainties. Changes in manufacturing, developments in and expenses associated with our clinical trials and the other factors identified under "Capital Requirements" below may consume capital resources earlier than planned. Additionally, we may not receive the anticipated milestone payments or achieve projected net sales from PIXUVRI. Due to these and other factors, the foregoing forecast for the period for which we will have sufficient resources to fund our operations may fail.

Capital Requirements

We expect that we will need to acquire additional funds in order to develop our business. We may seek to raise such capital through public or private equity financings, partnerships, collaborations, joint ventures, disposition of assets, debt financings or restructurings, bank borrowings or other sources of financing. However, we have a limited number of authorized shares of common stock available for issuance and additional funding may not be available on favorable terms or at all. If additional funds are raised by issuing equity securities, substantial dilution to existing shareholders may result. If we fail to obtain additional capital when needed, our ability to operate as a going concern will be harmed, and we may be required to delay, scale back or eliminate some or all of our research and development programs, reduce our selling, general and administrative expenses, be unable to attract and retain highly qualified personnel, refrain from making our contractually required payments when due (including debt payments) and/or may be forced to cease operations, liquidate our assets and possibly seek bankruptcy protection.

Our future capital requirements will depend on many factors, including:

- changes in manufacturing;
- developments in and expenses associated with our clinical trials and other research and development activities;
- acquisitions of compounds or other assets;
- ability to generate sales of PIXUVRI and any expansion of our sales and marketing organization for PIXUVRI;
- regulatory approval developments;
- ability to consummate appropriate collaborations for development and commercialization activities;
- ability to reach milestones triggering payments under certain of our contractual arrangements, to receive the associated payments and to satisfy the conditions necessary to retain the funds from the June 2015 advance from Baxalta;
- litigation and other disputes;
- competitive market developments; and
- other unplanned business developments.

The following table includes information relating to our contractual obligations as of September 30, 2015 (in thousands):

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating leases:					
Facilities	$ 18,793	$ 2,751	$ 5,389	$ 5,449	$ 5,204
Long-term debt (1)	52,000	4,376	40,131	7,493	—
Interest on long-term debt (1) (2)	11,685	2,066	9,423	196	—
Purchase commitments (3) (4)	4,294	3,638	537	86	33
Other obligations (5) (6)	4,728	1,150	3,578	—	—
	$ 91,500	$ 13,981	$ 59,058	$ 13,224	$ 5,237

(1) This amount includes the principal payable of $20.0 million under our senior secured term loan. In addition, this amount (i) includes the advance received in June 2015 of $32.0 million related to the acceleration of two potential development milestone payments under the Pacritinib License Amendment, (ii) bears fixed interest at an annual rate of 9% and (iii) assumes that we do not achieve the two development milestones by the respective deadlines, which, among other things, triggers repayment of the advance. Please refer to Part I, Item 1, Note 4, *Long-term Debt*, in this Quarterly Report on Form 10-Q, which note is incorporated herein by reference, for further information.

(2) The interest rate on our senior secured term loan floats at a rate per annum equal to 10.95% plus the amount by which the prime rate exceeds 3.25%. The amounts presented for interest payments in future periods assume a prime rate of 3.25%.

(3) Purchase commitments include obligations related to manufacturing supply, insurance and other purchase commitments.

(4) In February 2015, CTI Life Sciences Limited, or CTILS, entered into a manufacturing and supply agreement with Baxter Oncology GmbH. In connection with process development and validation for the manufacture of PIXUVRI, CTILS has agreed to expend approximately €1.8 million under this agreement as of September 30, 2015 (or $2.0 million upon conversion from euros as of September 30, 2015) of which €0.1 million has been expended (or $0.1 million upon conversion from euros as of September 30, 2015). Beginning in 2018, under this agreement, CTILS is obliged to purchase from Baxter Oncology GmbH a minimum percentage of PIXUVRI product sold by CTILS or its sublicensees in certain territories. Such obligation is dependent on future product sales and is not provided for in the table above as it is not estimable.

(5) Other obligations include a fee in the amount of $1.3 million payable to Hercules on the earliest to occur of October 1, 2016, or the date on which the senior secured term loan is prepaid in full or the date on which the senior secured term loan becomes due and payable in full. Other obligations do not include $4.1 million deferred rent associated with our operating lease for office space.

(6) Other obligations also include contributions we have agreed to make under certain endowment agreements in the aggregate amount of $3.5 million in three annual installments commencing October 31, 2015.

Certain of our licensing agreements obligate us to pay a royalty on net sales of products utilizing licensed compounds. Such royalties are dependent on future product sales and are not provided for in the table above as they are not estimable. For additional information, please see discussion below in Part I, Item 2, "License Agreements and Milestone Activities".

LICENSE AGREEMENTS AND MILESTONE ACTIVITIES

Servier

In September 2014, we entered into the Servier Agreement pursuant to which we granted Servier an exclusive and sublicensable (subject to certain conditions) royalty-bearing license with respect to the development and commercialization of PIXUVRI for use in pharmaceutical products outside of the CTI Territory (defined below). We retained rights to PIXUVRI in Austria, Denmark, Finland, Germany, Israel, Norway, Sweden, Turkey, the U.K. and the U.S., or collectively, the CTI Territory.

We received an upfront payment in October 2014 of €14.0 million (or $17.8 million using the currency exchange rate as of the date we received the funds in October 2014). In addition, subject to the achievement of certain conditions, the Servier Agreement provides for our potential to receive milestone payments thereunder in the aggregate amount of up to €89.0 million, which is comprised of the following: up to €49.0 million in potential clinical and regulatory milestone payments (of which €9.5 million is payable upon occurrence of certain enrollment events in connection with the PIX306 study for PIXUVRI); and up to €40.0 million in potential sales-based milestone payments. Of the foregoing potential milestone payments, we have received a €1.5 million milestone payment relating to the attainment of reimbursement approval for PIXUVRI in Spain. In addition, for a number of years following the first commercial sale of a product containing PIXUVRI in the respective country, regardless of patent expiration or expiration of regulatory exclusivity rights, we are eligible to receive tiered royalty payments ranging from a low double-digit percentage up to a percentage in the mid-twenties based on net sales of PIXUVRI products, subject to certain reductions of up to mid-double digit percentages under certain circumstances.

Unless otherwise agreed by the parties, (i) certain development costs incurred pursuant to a development plan and (ii) certain marketing costs incurred pursuant to a marketing plan will be shared equally by the parties, subject to a maximum dollar obligation of each party.

The Servier Agreement will expire on a country-by-country basis upon the expiration of the royalty terms in the countries outside of the CTI Territory, at which time all licenses granted to Servier would become perpetual and royalty-free. Each party may terminate the Servier Agreement in the event of an uncured repudiatory breach (as defined under English law) of the other party's obligations. Servier may terminate the Servier Agreement without cause on a country-by-country basis upon written notice to us within a specified time period or upon written notice within a certain period of days in the event of (i) certain safety or public health issues involving PIXUVRI or (ii) cessation of certain marketing authorizations. In the event of a termination prior to the expiration date, rights granted to Servier will terminate, subject to certain exceptions.

Baxalta

In November 2013, we entered into a Development, Commercialization and License Agreement, dated as of November 14, 2013, between Baxter International Inc., or Baxter, and the Company, for the development and commercialization of pacritinib for use in oncology and potentially additional therapeutic areas, or the Original Pacritinib License Agreement. The Original Pacritinib License Agreement, the rights and obligations to which Baxter has assigned to Baxalta, was amended by a first amendment thereto, or the Pacritinib License Amendment, effective June 8, 2015. The Original Pacritinib License Agreement, as amended by the Pacritinib License Amendment, is referred to herein as the "Pacritinib License Agreement". Under the Pacritinib License Agreement, Baxalta has an exclusive, worldwide (subject to co-promotion rights discussed below), royalty-bearing, non-transferable license (which is sub-

licensable under certain circumstances) relating to pacritinib. Licensed products under the Pacritinib License Agreement consist of products in which pacritinib is an ingredient.

We received an upfront payment of $60 million under the Pacritinib License Agreement, which included a $30 million investment in our equity. The Pacritinib License Agreement also provides for us to receive potential additional payments of up to $302 million upon the successful achievement of certain development and commercialization milestones, comprised of $112 million of potential clinical, regulatory and commercial launch milestone payments, and potential additional sales milestone payments of up to $190 million. Of such potential milestone payments, we have received $20 million to date relating to the achievement of a clinical milestone. In addition, in June 2015, pursuant to the Pacritinib License Amendment, we received an advance of the potential milestone payments in the amount of $32 million relating to the milestone payment payable in connection with the EMA Milestone and the PERSIST-2 Enrollment Milestone. Such advances bear interest at an annual rate of 9% percent until the earlier of (i) the date of first occurrence of the respective milestone and (ii) the date that the respective advance plus accrued interest is repaid in full. In the event that pacritinib development is terminated either because of a regulatory determination that the benefit/risk profile of the drug candidate is unacceptable or due to safety concerns or certain other reasons, including the failure of pacritinib to meet certain criteria or certain endpoints, or a Milestone Failure, we would be required to repay the respective advance to Baxalta in eight quarterly installments beginning thirty days after the end of the calendar quarter of the first occurrence of a Milestone Failure and a final payment equal to the remainder of the unpaid balance, or the Repayment Terms. Further, if (i) the EMA Milestone is not achieved prior to March 31, 2017 or (ii) the PERSIST-2 Enrollment Milestone is not achieved prior to December 31, 2016, then we would also be required to repay the respective advance pursuant to the Repayment Terms. Repayment of the advances will be accelerated in the event of the commencement of insolvency proceedings, and certain other events of default. If a milestone is achieved, however, then we would remain entitled to the respective advance.

Under the Pacritinib License Agreement, we were responsible for all development costs incurred prior to January 1, 2014 and are responsible for approximately $96 million in U.S. and E.U. development costs incurred thereafter, subject to potential adjustment in certain circumstances. All development costs exceeding the $96 million threshold will generally be shared as follows: (i) costs generally applicable worldwide will be shared 75 percent to Baxalta and 25 percent to us, (ii) costs applicable to territories exclusive to Baxalta will be 100 percent borne by Baxalta and (iii) costs applicable exclusively to co-promotion in the U.S. will be shared equally between the parties, subject to certain exceptions. In the event that we do not spend a specified amount on the development of pacritinib from June 8, 2015 through February 29, 2016, payments to Baxalta in an amount equal to such deficiency may be required or credited against amounts owed to us in certain circumstances. We and Baxalta have each been allocated up to 50% of the manufacturing (subject to certain conditions), with certain pricing adjustments based on comparative costs of supply. In addition, we may be obligated to pay the costs of certain product supplied by our manufacturer to Baxalta if such product does not meet certain prescribed standards. To the extent that any expenses are advanced by Baxalta on our behalf, such amounts may be deducted from any payments Baxalta owes us pursuant to the Pacritinib License Agreement.

Outside the U.S., we are eligible to receive tiered high single digit to mid-teen percentage royalty payments based on net sales for myelofibrosis, and higher double-digit royalties for other indications, subject to reduction by up to 50 percent if (i) Baxalta is required to obtain third party royalty-bearing licenses to fulfill its obligations under the Pacritinib License Agreement and (ii) in any jurisdiction where there is no longer either regulatory exclusivity or patent protection.

The Pacritinib License Agreement will expire when Baxalta has no further obligation to pay royalties to us in any jurisdiction, at which time the licenses granted to Baxalta will become perpetual and royalty-free. We or Baxalta may terminate the Pacritinib License Agreement prior to its expiration in certain circumstances. Following the one-year anniversary of receipt of regulatory approval in certain countries, we may terminate the Pacritinib License Agreement as to one or more such countries if Baxalta has not undertaken requisite regulatory or commercialization efforts in the applicable country and certain other conditions are met. Baxalta may terminate the Pacritinib License Agreement earlier than its expiration in certain circumstances including (i) in the event development costs for myelofibrosis for the period commencing January 1, 2014 are reasonably projected to exceed a specified threshold, (ii) as to some or all countries in the event of commercial failure of the licensed product or (iii) without cause following the one-year anniversary of the effective date of the Pacritinib License Agreement, provided that such termination will have a lead-in period of six months before it becomes effective. Additionally, either party may terminate the Pacritinib License Agreement prior to its expiration in events of force majeure, or the other party's uncured material breach or insolvency. In the event of a termination prior to the expiration date, rights in pacritinib will revert to us.

University of Vermont

We entered into an agreement with the University of Vermont, or UVM, in March 1995, as amended, or the UVM Agreement, which grants us an exclusive sublicensable license for the rights to PIXUVRI. Pursuant to the UVM Agreement, we acquired the rights to make, have made, sell and use PIXUVRI, and we are obligated to make royalty payments to UVM ranging from low single digits to mid-single digits as a percentage of net sales. The higher royalty rate is payable for net sales in countries where specified UVM licensed patents exist, or where we have obtained orphan drug protection, until such UVM patents or such protection no longer

exists. For a period of ten years after first commercialization of PIXUVRI, the lower royalty rate is payable for net sales in such countries after expiration of the designated UVM patents or loss of orphan drug protection, and in all other countries without such specified UVM patents or orphan drug protection. Unless otherwise terminated, the term of the UVM Agreement continues for the life of the licensed patents in those countries in which a licensed patent exists, and continues for ten years after the first sale of PIXUVRI in those countries where no such patents exist. We may terminate the UVM Agreement, on a country-by-country basis or on a patent-by-patent basis, at any time upon advance written notice. UVM may terminate the UVM Agreement upon advance written notice in the event royalty payments are not made. In addition, either party may terminate the UVM Agreement in the event of an uncured material breach of the UVM Agreement by the other party or in the event of bankruptcy of the other party.

*S*BIO*

We acquired the compounds SB1518 (which is referred to as "pacritinib") and SB1578, which inhibit JAK2 and FLT3, from S*BIO, in May 2012. Under our agreement with S*BIO, we are required to make milestone payments to S*BIO up to an aggregate amount of $132.5 million if certain U.S., E.U. and Japanese regulatory approvals are obtained or if certain worldwide net sales thresholds are met in connection with any pharmaceutical product containing or comprising any compound that we acquired from S*BIO for use for specific diseases, infections or other conditions. At our election, we may pay up to 50 percent of any milestone payments to S*BIO through the issuance of shares of our common stock or shares of our preferred stock convertible into our common stock. In addition, S*BIO will also be entitled to receive royalty payments from us at incremental rates in the low single digits based on certain worldwide net sales thresholds on a product-by-product and country-by-country basis.

Vernalis

We entered into an amended and restated exclusive license agreement with Vernalis, or the Vernalis License Agreement, for the exclusive worldwide right to use certain patents and other intellectual property rights to develop, market and commercialize tosedostat and certain other compounds. Under the Vernalis License Agreement, we have agreed to make tiered royalty payments of no more than a high single digit percentage of net sales of products containing licensed compounds, with such obligation to continue on a country-by-country basis for the longer of ten years following commercial launch or the expiry of relevant patent claims.

The Vernalis License Agreement will terminate when the royalty obligations expire, although the parties have early termination rights under certain circumstances, including the following: (i) we have the right to terminate, with three months' notice, upon the belief that the continued development of tosedostat or any of the other licensed compounds is not commercially viable; (ii) Vernalis has the right to terminate in the event of our uncured failure to pay sums due; and (iii) either party has the right to terminate in event of the other party's uncured material breach or insolvency.

Gynecologic Oncology Group

We entered into an agreement with the Gynecologic Oncology Group, now part of NRG Oncology, in March 2004, as amended, related to the GOG-0212 trial of Opaxio it is conducting in patients with ovarian cancer. Pursuant to the terms of such agreement, we paid an aggregate of $1.1 million in milestone payments during 2014 based on certain enrollment milestones achieved. We may be required to pay up to an additional $1.0 million upon the attainment of certain other milestones, of which $0.5 million has been recorded in accrued expenses as of September 30, 2015.

PG-TXL

In November 1998, we entered into an agreement with PG-TXL Company, L.P., or PG-TXL, as amended in February 2006, which grants us an exclusive worldwide license for the rights to Opaxio and to all potential uses of PG-TXL's polymer technology, or the PG-TXL Agreement. Pursuant to the PG-TXL Agreement, we acquired the rights to research, develop, manufacture, market and sell anti-cancer drugs developed using this polymer technology. Pursuant to the PG-TXL Agreement, we are obligated to make payments to PG-TXL upon the achievement of certain development and regulatory milestones of up to $14.4 million. The timing of the remaining milestone payments under the PG-TXL Agreement is based on trial commencements and completions for compounds protected by PG-TXL license rights, and regulatory and marketing approval of those compounds by the FDA and the EMA. Additionally, we are required to make royalty payments to PG-TXL based on net sales. Our royalty obligations range from low to mid-single digits as a percentage of net sales. Unless otherwise terminated, the term of the PG-TXL Agreement continues until no royalties are payable to PG-TXL. We may terminate the PG-TXL Agreement (i) upon advance written notice to PG-TXL in the event issues regarding the safety of the products licensed pursuant to the PG-TXL Agreement arise during development or clinical data obtained reveal a materially adverse tolerability profile for the licensed product in humans, or (ii) for any reason upon advance written notice. In addition, either party may terminate the PG-TXL Agreement (a) upon advance written notice in the event certain license fee payments are not made; (b) in the event of an uncured material breach of the respective material obligations and conditions of the PG-TXL Agreement; or (c) in the event of liquidation or bankruptcy of a party.

Novartis

In January 2014, we entered into a Termination Agreement, or the Novartis Termination Agreement, with Novartis to reacquire the rights to PIXUVRI and Opaxio previously granted to Novartis under our agreement entered into in September 2006, as amended, or the Original Novartis Agreement. Pursuant to the Novartis Termination Agreement, the Original Novartis Agreement was terminated in its entirety, except for certain customary provisions, including those pertaining to confidentiality and indemnification, which survive termination.

Under the Novartis Termination Agreement, we agreed not to transfer, license, sublicense or otherwise grant rights with respect to intellectual property of PIXUVRI and Opaxio unless the recipient thereof agrees to be bound by the terms of the Novartis Termination Agreement. We also agreed to provide potential payments to Novartis, including a percentage ranging from the low double-digits to the mid-teens, of any consideration received by us or our affiliates in connection with any transfer, license, sublicense or other grant of rights with respect to intellectual property of PIXUVRI or Opaxio, respectively; provided that such payments will not exceed certain prescribed ceilings in the low single digit millions. Novartis is entitled to receive potential payments of up to $16.6 million upon the successful achievement of certain sales milestones of PIXUVRI and Opaxio. We are also obligated to pay to Novartis tiered low single digit percentage royalty payments for the first several hundred million in annual net sales, and ten percent royalty payments thereafter based on annual net sales of each of PIXUVRI and Opaxio, subject to reduction in the event generic drugs are introduced and sold by a third party, causing the sale of PIXUVRI or Opaxio to fall by a percentage in the high double-digits. To the extent we are required to pay royalties on net sales of Opaxio pursuant to the PG-TXL Agreement, we may credit a percentage of the amount of such royalties paid to those payable to Novartis, subject to certain exceptions. Royalty payments for both PIXUVRI and Opaxio are subject to certain minimum floor percentages in the low single digits.

Nerviano Medical Sciences

Our license agreement dated October 6, 2006 with Nerviano Medical Sciences, S.r.l. for brostallicin, a synthetic DNA minor groove binding agent that has demonstrated anti-tumor activity, which we terminated in June 2015, provided for the potential payment by us of up to $80 million in milestone payments based on the achievement of certain product development results.

Teva

In June 2005, we entered into an acquisition agreement with Cephalon, Inc., or Cephalon, pursuant to which we divested of the compound, TRISENOX. Cephalon was subsequently acquired by Teva Pharmaceutical Industries Ltd., or Teva. Under this agreement, we have the right to receive up to $100 million in payments upon achievement by Teva of specified sales and development milestones related to TRISENOX. To date, we have received $20.0 million of such potential milestone payments as a result of having achieved certain sales milestones.

Other Agreements

We have several agreements with contract research organizations, third party manufacturers and distributors that have durations of greater than one year for the development and distribution of certain of our compounds.

CRITICAL ACCOUNTING ESTIMATES

We make certain judgments and use certain estimates and assumptions when applying accounting principles generally accepted in the U.S. in the preparation of our condensed consolidated financial statements. We evaluate our estimates and judgments on an on-going basis and base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances. Our experience and assumptions form the basis for our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may vary materially from what we anticipate and different assumptions or estimates about the future could change our reported results. There have been no material changes to our critical accounting estimates discussed in our 2014 Form 10-K. For a discussion of our critical accounting estimates, please see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of our 2014 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Foreign Exchange Market Risk

We are exposed to risks associated with the translation of euro-denominated financial results and accounts into U.S. dollars for financial reporting purposes. The carrying value of the assets and liabilities held in our European branches and subsidiaries will be affected by fluctuations in the value of the U.S. dollar compared to the euro. In addition, certain of our contractual arrangements, such as the Servier Agreement, denote monetary amounts in foreign currencies, and consequently, the ultimate financial impact to us from a

U.S. dollar perspective is subject to significant uncertainty. Any expansion of our commercial operations in Europe (including with regard to sales of PIXUVRI) may increase our exposure to fluctuations in foreign currency exchange rates. Changes in the value of the U.S. dollar as compared to applicable foreign currencies (in particular, the euro) might have an adverse effect on our reported results of operations and financial condition. Further, as the net positions of our unhedged foreign currency transactions fluctuate, our earnings might be negatively affected. As of September 30, 2015, we had a net asset balance, excluding intercompany payables and receivables, in our European branches and subsidiaries denominated in euros. If the euro were to weaken 20 percent against the dollar, our net asset balance would decrease by approximately $1.3 million as of this date.

Interest Rate Risk

Our senior secured term loan bears interest at variable rates. Based on the outstanding principal balance under such loan at September 30, 2015 of $20 million, and assuming such amount had been outstanding as of January 1, 2015, a 1.0 percent increase in interest rates would result in additional annualized interest expense of $0.2 million. For a discussion of such loan, including applicable interest rates, covenants and events of default, please see Part I, Item 1, Note 4, *Long-term Debt*, in this Quarterly Report on Form 10-Q. The funds advanced to us pursuant to the Pacritinib License Amendment do not bear a variable interest rate.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in U.S. Securities and Exchange Commission, or SEC, rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, under the supervision and with the participation of our Chief Executive Officer and Executive Vice President, Finance and Administration, or EVP of Finance, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and EVP of Finance have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

There have been no changes to our internal control over financial reporting that occurred during the third fiscal quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

CONSOB

As previously disclosed, on December 10, 2009, the Commissione Nazionale per le Società e la Borsa (which is the public authority responsible for regulating the Italian securities markets), or CONSOB, sent us a notice claiming, among other things, violation of the provisions of Section 114, paragraph 1 of the Italian Legislative Decree no. 58/98 due to the asserted late disclosure of the contents of the opinion expressed by Stonefield Josephson, Inc., an independent registered public accounting firm, with respect to our 2008 financial statements. However, we understand that, according to applicable Italian law provisions as interpreted by applicable case law, CONSOB's right to pursue a pecuniary administrative sanction is considered barred due to the passage of time.

ITA – VAT Returns

The Italian Tax Authority, or the ITA, issued notices of assessment to CTI BioPharma Corp.– Sede Secondaria, or CTI (Europe) based on the ITA's audit of CTI (Europe)'s value added tax, or VAT, returns for the years 2003, 2005, 2006 and 2007, or, collectively, the VAT Assessments. The ITA audits concluded that CTI (Europe) did not collect and remit VAT on certain invoices issued to non-Italian clients for services performed by CTI (Europe). We believe that the services invoiced were non-VAT taxable consultancy services and that the VAT returns are correct as originally filed. We are defending ourselves against the assessments both on procedural grounds and on the merits of the case, although we can make no assurances regarding the ultimate outcomes of these cases. As of December 31, 2012, we reversed the entire reserve we had previously recorded relating to the VAT Assessments after having received favorable Provincial Tax Court rulings. In January 2013, our then remaining deposit for the VAT Assessments was refunded to us.

Developments in the VAT proceedings since January 2013 are as follows:

2003. In June 2013, the Regional Tax Court issued decision no. 119/50/13 in regards to the 2003 VAT assessment, which accepted the appeal of the ITA and reversed the previous decision of the Provincial Tax Court. In January 2014, we were notified that the ITA requested partial payment of the 2003 VAT assessment in the amount of €0.4 million translated to $0.6 million which we paid in March 2014. We believe that the decision of the Regional Tax Court did not carefully take into account our arguments and the documentation we filed, and in January 2014, we appealed such decision to the Italian Supreme Court both on procedural grounds and on the merits of the case.

2005, 2006 and 2007. The ITA has appealed to the Italian Supreme Court the decisions of the respective appellate Regional Tax Court, which ruled in our favor, with respect to each of the 2005, 2006 and 2007 VAT returns.

If the final decisions of the Italian Supreme Court for the VAT Assessments are unfavorable to us, we may incur up to $10.5 million in losses for the VAT amount assessed including penalties, interest and fees upon conversion from euros as of September 30, 2015.

Derivative Lawsuit

On May 13, 2015, the Company (as nominal defendant) and our directors (as individual defendants) entered into a memorandum of understanding to settle the pending lawsuit in King County Superior Court in the State of Washington docketed as *Lopez & Gilbert v. Nudelman, et al* ., Case No. 14-2-18941-9 SEA, or the Settlement. The provisions of the Settlement include the following terms, which are subject to final court approval:

- We will cancel and the non-employee directors will agree to the rescission of all currently outstanding equity awards that we previously granted to non-employee directors that included performance-based vesting metrics and as to which the performance goals remained unsatisfied as of May 13, 2015;
- Our current non-employee directors will agree to hold (not transfer or sell or encumber in any way) until September 14, 2015 shares of our stock that they currently own and that we awarded to them during 2011, or at any time after 2011 to the present, and that, at the time of the award by us, was fully-vested and unrestricted;
- We will cap the total annual compensation provided by it to its non-employee directors for each of 2015 and 2016. Such annual compensation cap for each non-employee director for each of 2015 and 2016 will be the greater of (i) $375,000, plus, as to our Board Chairman, an additional $100,000, or (ii) the 75th percentile of compensation paid by a group of peer companies to their non-employee directors (and, in the case of our Chairman, the 75th percentile of compensation paid by such peers who have a non-employee director chair of their respective board of directors to such non-employee director chairs). The peer group for these purposes will be selected based on advice from the outside compensation

consultant. For purposes of the compensation cap and the peer group comparison, compensation will be determined and measured consistent with the rules under Item 402 of Regulation S-K under the Exchange Act and based on publicly-available information at the applicable time; and

- We will implement, if not already implemented, within 90 days following final approval of the Settlement by the court, and maintain until at least the end of calendar year 2017 the following: an annual board discussion of non-employee director compensation philosophy; the use of a compensation consultant to advise the Compensation Committee on material decisions concerning non-employee director compensation issues and compare our non-employee director compensation program to a group of our peers; the use of plain language in our compensation-related public filings; and obtain confirmation from our legal department and outside legal counsel advising on executive compensation matters that any contemplated non-employee director awards do not materially violate the applicable plan or materially fail to comply with applicable law.

On September 24, 2015, the court issued an order granting preliminary approval to the Settlement. The court has scheduled a final hearing on December 10, 2015 to determine, among other things, whether it should issue an order for final approval of the Settlement.

For historical information concerning such matter, including the procedural history, see Part II, Item 1, "Legal Proceedings", of the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2015.

In addition to the items discussed above, we are from time to time subject to legal proceedings and claims arising in the ordinary course of business.

Item 1A. Risk Factors.

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. The occurrence of any of the risks described below and elsewhere in this document, including the risk that our actual results may differ materially from those anticipated in these forward-looking statements, could materially adversely affect our business, financial condition, liquidity, operating results or prospects and the trading price of our securities. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial may also harm our business, financial condition, operating results and prospects and the trading price of our securities.

Factors Affecting Our Business, Financial Condition, Operating Results and Prospects

We expect that we will need to raise additional funds to develop our business, but additional funds may not be available on acceptable terms, or at all. Any inability to raise required capital when needed could harm our liquidity, financial condition, business, operating results and prospects.

We have substantial operating expenses associated with the development of our compounds and the commercialization of PIXUVRI, and we have significant contractual payment obligations. We believe that our present financial resources, together with milestone payments projected to be received under certain of our contractual agreements and our ability to control costs, will be sufficient to fund our operations through the fourth quarter of 2016. Cash forecasts and capital requirements are subject to change as a result of a variety of risks and uncertainties. Changes in manufacturing, developments in and expenses associated with our clinical trials and other research and development activities, acquisitions of compounds or other assets, our ability to generate projected sales of PIXUVRI, any expansion of our sales and marketing organization for PIXUVRI, regulatory approval developments, ability to consummate appropriate collaborations for development and commercialization activities, ability to reach milestones triggering payments under applicable contractual arrangements, receive the associated payments and satisfy the conditions necessary to retain the funds from the June 2015 advance from Baxalta, litigation and other disputes, competitive market developments and other unplanned business developments may consume capital resources earlier than planned. Due to these and other factors, any forecast for the period for which we will have sufficient resources to fund our operations, as well as any other operational or business projection we have disclosed, or may, from time to time, disclose, may fail.

As of September 30, 2015, we had an outstanding principal balance under our senior secured term loan agreement of $20.0 million, with an additional $5.0 million being available for borrowing at our option through June 30, 2016, subject to certain conditions. We are required to make monthly interest-only payments in respect thereof in the approximate amount of $0.2 million until January 1, 2016 (with such interest-only period being subject to extension by up to an additional six months under certain circumstances), and following January 1, 2016, we will be required to make monthly interest plus principal payments through December 1, 2018 in the approximate amount of $0.7 million. Such borrowings are secured by a first priority security interest on substantially all of our personal property except our intellectual property and subject to certain other exceptions. While we have the potential to borrow an additional $5.0 million available to us under the senior secured loan agreement subject to certain conditions described above, there can be no guarantees that we will be able to satisfy such conditions in order to borrow such funds. In addition,

the senior secured term loan agreement requires us to comply with restrictive covenants, including those that limit our operating flexibility and ability to borrow additional funds. A failure to make a required loan payment or an uncured covenant breach could lead to an event of default, and in such case, all amounts then outstanding may become due and payable immediately. In addition, with respect to the $32.0 million advance we received in June 2015 from Baxalta, certain events may trigger repayment of such advance prior to attainment of the respective milestones.

We expect that we will need to acquire additional funds in order to develop our business. We may seek to raise such capital through public or private equity financings, partnerships, collaborations, joint ventures, disposition of assets, debt financings or restructurings, bank borrowings or other sources of financing. However, our ability to do so is subject to a number of risks, uncertainties, constraints and consequences, including:

- our ability to raise capital through the issuance of additional shares of our common stock or convertible securities is restricted by the limited number of our residual authorized shares, the potential difficulty of obtaining shareholder approval to increase authorized shares and the restrictive covenants under our senior secured term loan agreement;
- issuance of equity-based securities will dilute the proportionate ownership of existing shareholders;
- our ability to obtain further funds from any potential loan arrangements is limited by our existing senior secured term loan agreement;
- certain financing arrangements may require us to relinquish rights to various assets and/or impose more restrictive terms than any of our existing or past arrangements; and
- we may be required to meet additional regulatory requirements, and we may be subject to certain contractual limitations, which may increase our costs and harm our ability to obtain funding.

For these and other reasons, additional funding may not be available on favorable terms or at all. If we fail to obtain additional capital when needed, we may be required to delay, scale back or eliminate some or all of our research and development programs, reduce our selling, general and administrative expenses, be unable to attract and retain highly qualified personnel, refrain from making our contractually required payments when due (including debt payments) and/or be forced to cease operations, liquidate our assets and possibly seek bankruptcy protection. Any of these consequences could harm our business, financial condition, operating results and prospects.

We received an audit report for the years ended December 31, 2007 through December 31, 2011 and December 31, 2014 containing an explanatory paragraph on our consolidated financial statements raising substantial doubt as to our ability to continue as a going concern.

We received an audit report for each of the years ended December 31, 2007 through December 31, 2011 and December 31, 2014 containing an explanatory paragraph on our consolidated financial statements raising substantial doubt as to our ability to continue as a going concern. The inclusion of a going concern explanatory paragraph may negatively impact the trading price of our common stock and make it more difficult, time consuming or expensive to obtain necessary financing. In the event our operations were to cease, you would suffer a complete loss of your investment in our securities.

We expect to continue to incur net losses, and we may never achieve profitability.

We were incorporated in 1991 and have incurred a net operating loss every year since our formation. As of September 30, 2015, we had an accumulated deficit of $2.1 billion and we expect to continue to incur net losses. As a part of our business plan, we will need to continue to conduct research, development, testing and regulatory compliance activities with respect to our compounds and ensure the procurement of manufacturing and drug supply services, the costs of which, together with projected general and administrative expenses, is expected to result in operating losses for the foreseeable future. There can be no assurances that we will ever achieve profitability.

If our development and commercialization collaborations are not successful, or if we are unable to enter into additional collaborations, we may not be able to effectively develop and/or commercialize the applicable compound(s), which could have a material adverse effect on our business.

Our business is heavily dependent on the success of our development and commercialization collaborations. In particular, under the Servier Agreement and the Pacritinib License Agreement, we rely heavily on Servier and Baxalta, respectively, to collaborate with us to develop and commercialize PIXUVRI and pacritinib, respectively. As a result of our dependence on our relationships with Servier and Baxalta, the success or commercial viability of PIXUVRI and pacritinib is, to a certain extent, beyond our control. We are subject to a number of specific risks associated with our dependence on our collaborative relationship with Servier and Baxalta, including the following: possible disagreements as to the timing, nature and extent of development plans for the respective compound,

including clinical trials or regulatory approval strategy; changes in their respective personnel who are key to the collaboration efforts; any changes in their respective business strategies adverse to our interests; possible disagreements regarding ownership of proprietary rights; the ability to meet our financial and other contractual obligations under the respective agreements; and the possibility that Servier or Baxalta could elect to terminate their respective agreements with us pursuant to certain "at-will" termination clauses or otherwise breach their respective agreements with us. Furthermore, the contingent financial returns under our collaborations with Servier and Baxalta depend in large part on the achievement of development and commercialization milestones and the ability to generate applicable product sales to trigger royalty payments. Therefore, our success, and any associated future financial returns to us and our investors, will depend in large part on the performance of each of Servier and Baxalta. If our existing collaborations fail, or if we do not successfully enter into additional collaborations when needed, we may be unable to further develop and commercialize the applicable compounds, generate revenues to sustain or grow our business or achieve profitability, which would harm our business, financial condition, operating results and prospects.

Compounds that appear promising in research and development may fail to reach later stages of development for a number of reasons, including, among others, that clinical trials may take longer to complete than expected or may not be completed at all, and top-line or preliminary clinical trial data reports may ultimately differ from actual results once existing data are more fully evaluated.

Successful development of anti-cancer and other pharmaceutical products is highly uncertain, and obtaining regulatory approval to market drugs to treat cancer is expensive, difficult and speculative. Compounds that appear promising in research and development may fail to reach later stages of development for several reasons, including, but not limited to:

- delay or failure in obtaining necessary U.S. and international regulatory approvals, or the imposition of a partial or full regulatory hold on a clinical trial;
- difficulties in formulating a compound, scaling the manufacturing process, timely attaining process validation for particular drug products and obtaining manufacturing approval,
- pricing or reimbursement issues or other factors that may make the product uneconomical to commercialize;
- production problems, such as the inability to obtain raw materials or supplies satisfying acceptable standards for the manufacture of our products, equipment obsolescence, malfunctions or failures, product quality/contamination problems or changes in regulations requiring manufacturing modifications;
- inefficient cost structure of a compound compared to alternative treatments;
- obstacles resulting from proprietary rights held by others with respect to a compound, such as patent rights;
- lower than anticipated rates of patient enrollment as a result of factors, such as the number of patients with the relevant conditions, the proximity of patients to clinical testing centers, eligibility criteria for tests and competition with other clinical testing programs;
- preclinical or clinical testing requiring significantly more time than expected, resources or expertise than originally expected and inadequate financing, which could cause clinical trials to be delayed or terminated;
- failure of clinical testing to show potential products to be safe and efficacious, and failure to demonstrate desired safety and efficacy characteristics in human clinical trials;
- suspension of a clinical trial at any time by us, an applicable collaboration partner or a regulatory authority on the basis that the participants are being exposed to unacceptable health risks or for other reasons;
- delays in reaching or failing to reach agreement on acceptable terms with prospective CROs, and trial sites; and
- failure of third parties, such as CROs, academic institutions, collaborators, cooperative groups and/or investigator sponsors, to conduct, oversee and monitor clinical trials and results.

In addition, from time to time we report top-line data for clinical trials. Such data are based on a preliminary analysis of then-available efficacy and safety data, and such findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. Top-line or preliminary data are based on important assumptions, estimations, calculations and information then available to us to the extent we have had, at the time of such reporting, an opportunity to fully and carefully evaluate such information in light of all surrounding facts, circumstances, recommendations and analyses. As a result, top-line results may differ from future results, or different conclusions or considerations may qualify such results once existing data have been more fully evaluated. In addition, third parties, including regulatory agencies, may not accept or agree with our assumptions, estimations, calculations or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular compound and our business in general.

If the development of our compounds is delayed or fails, or if top-line or preliminary clinical trial data reported differ from actual results, our development costs may increase and the ability to commercialize our compounds may be harmed, which could harm our business, financial condition, operating results or prospects.

We or our collaboration partners may not obtain or maintain the regulatory approvals required to develop or commercialize some or all of our compounds.

We are subject to rigorous and extensive regulation by the FDA in the U.S. and by comparable agencies in other jurisdictions, including the EMA in the E.U. Pacritinib and our other product candidates are currently in research or development and, other than conditional marketing authorization for PIXUVRI in the E.U., we have not received marketing approval for our compounds. Our products may not be marketed in the U.S. until they have been approved by the FDA and may not be marketed in other jurisdictions until they have received approval from the appropriate foreign regulatory agencies. Each product candidate requires significant research, development and preclinical testing and extensive clinical investigation before submission of any regulatory application for marketing approval. Obtaining regulatory approval requires substantial time, effort and financial resources, and we may not be able to obtain approval of any of our products on a timely basis, or at all. The number, size, design and focus of preclinical and clinical trials that will be required for approval by the FDA, the EMA or any other foreign regulatory agency varies depending on the compound, the disease or condition that the compound is designed to address and the regulations applicable to any particular compound. Preclinical and clinical data can be interpreted in different ways, which could delay, limit or preclude regulatory approval. The FDA, the EMA and other foreign regulatory agencies can delay, limit or deny approval of a compound for many reasons, including, but not limited to:

- a compound may not be shown to be safe or effective;
- the clinical and other benefits of a compound may not outweigh its safety risks;
- clinical trial results may be negative or inconclusive, or adverse medical events may occur during a clinical trial;
- the results of clinical trials may not meet the level of statistical significance required by regulatory agencies for approval;
- such regulatory agencies may interpret data from pre-clinical and clinical trials in different ways than we do;
- such regulatory agencies may not approve the manufacturing process of a compound or determine that a third party contract manufacturers manufactures a compound in accordance with current good manufacturing practices, or cGMPs;
- a compound may fail to comply with regulatory requirements; or
- such regulatory agencies might change their approval policies or adopt new regulations.

In addition, regulatory agencies may determine that the number of patients enrolled in the clinical trials supporting an application is insufficient to support approval of a product candidate. For example, we intend to seek accelerated approval from the FDA for pacritinib for the treatment of patients with myelofibrosis with platelet counts of less than 50,000/μL (a subset of patients with myelofibrosis for which there is no available therapy) on the basis of the surrogate endpoint of spleen volume reduction, measured by MRI or CT scan. If the FDA determines that such application, which is based on a limited subset of patients, does not provide substantial evidence of effectiveness or is otherwise insufficient for approval, we may need to submit the results of additional trials, such as PERSIST-2, or conduct additional trials before the FDA will approve the application, if at all. Furthermore, while Patient Reported Outcome, or PRO, instruments have been developed for recording and evaluating reduction in Total Symptom Score in myelofibrosis patients, we do not have any assurance that the particular instrument(s) we utilize from time to time will satisfy the FDA's stringent requirements for assessing PROs or that we will be able to demonstrate clinical benefit using such instruments. If our compounds are not approved at all or quickly enough to provide net revenues to defray our operating expenses, our business, financial condition, operating results and prospects could be harmed.

In the event that we seek and the FDA does not grant accelerated approval or priority review for a drug candidate, we would experience a longer time to commercialization in the U.S., if at all, our development costs may increase and our competitive position may be harmed.

We intend to seek an accelerated approval pathway for pacritinib and may do so in the future for other compounds. The FDA may grant accelerated approval to a product designed to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies upon a determination that the product has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. With respect to pacritinib, we intend to seek accelerated approval for the treatment of patients with myelofibrosis with platelet counts of less than 50,000/μL (a subset of patients with myelofibrosis for which there is no available therapy) on the basis of the surrogate endpoint of spleen volume reduction, measured by MRI or CT scan. A surrogate endpoint under an accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health

perspective. There can be no assurance that the FDA will agree that our endpoint is an appropriate surrogate endpoint. Furthermore, there can be no assurance that our application will be accepted or that approval will be granted. Even if a product candidate is granted accelerated approval, such accelerated approval is contingent on the sponsor's agreement to conduct one or more post-approval confirmatory trials. Such confirmatory trial(s) must be completed with due diligence and, in some cases, the FDA may require that the trial(s) be designed and/or initiated prior to approval. Moreover, the FDA may withdraw approval of a product candidate or indication approved under the accelerated approval pathway for a variety of reasons, including if the trial(s) required to verify the predicted clinical benefit of a product candidate fail to verify such benefit or do not demonstrate sufficient clinical benefit to justify the risks associated with the drug, or if the sponsor fails to conduct any required post-approval trial(s) with due diligence.

Upon submission of an NDA under a requested accelerated approval pathway for pacritinib, we also intend to request priority review, and we may in the future seek priority review for other compounds. In the event of priority review, the FDA has a goal to (but is not required to) take action on an application within a total of eight months (rather than a goal of twelve months for a standard review). The FDA grants priority review only if it determines that a product treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness when compared to a standard application. The FDA has broad discretion whether to grant priority review, and, while the FDA has granted priority review to other oncology product candidates, pacritinib may not receive similar designation. Moreover, receiving priority review from the FDA does not guarantee completion of review or approval within the targeted eight-month cycle or thereafter.

A failure to obtain accelerated approval or priority review would result in a longer time to commercialization of the applicable compound in the U.S., if at all, could increase the cost of development and could harm our competitive position in the marketplace.

Even if our compounds are successful in clinical trials and receive regulatory approvals, we or our collaboration partners may not be able to successfully commercialize them.

The development and ongoing clinical trials for our compounds may not be successful and, even if they are, the resulting products may never be successfully developed into commercial products. Even if we are successful in our clinical trials and in obtaining other regulatory approvals, the respective products may not reach or remain in the market for a number of reasons including:

- they may be found ineffective or cause harmful side effects;
- they may be difficult to manufacture on a scale necessary for commercialization;
- they may experience excessive product loss due to contamination, equipment failure, inadequate transportation or storage, improper installation or operation of equipment, vendor or operator error, inconsistency in yields or variability in product characteristics;
- they may be uneconomical to produce;
- we may fail to obtain reimbursement approvals or pricing that is cost effective for patients as compared to other available forms of treatment or that covers the cost of production and other expenses;
- they may not compete effectively with existing or future alternatives;
- we may be unable to develop commercial operations and to sell marketing rights;
- they may fail to achieve market acceptance; or
- we may be precluded from commercialization of a product due to proprietary rights of third parties.

In particular, with respect to the commercialization of PIXUVRI and the future potential commercialization of pacritinib, we will be heavily dependent on our collaboration partners, Servier and Baxalta, respectively. The failure of Servier or Baxalta (or any other applicable collaboration partner) to fulfill its respective commercialization obligations with respect to a compound, or the occurrence of any of the events in the list above, could adversely affect the commercialization of our products. If we fail to commercialize products or if our future products do not achieve significant market acceptance, we will not likely generate significant revenues or become profitable.

The pharmaceutical business is subject to increasing government price controls and other restrictions on pricing, reimbursement and access to drugs, which could adversely affect our future revenues and profitability.

To the extent our products are developed, commercialized and successfully introduced to market, they may not be considered cost-effective and third party or government reimbursement might not be available or sufficient. Globally, governmental and other third party payors are becoming increasingly aggressive in attempting to contain health care costs by strictly controlling, directly or indirectly, pricing and reimbursement and, in some cases, limiting or denying coverage altogether on the basis of a variety of justifications, and we expect pressures on pricing and reimbursement from both governments and private payors inside and outside the

U.S. to continue. In the U.S., we are subject to substantial pricing, reimbursement and access pressures from state Medicaid programs, private insurance programs and pharmacy benefit managers, and implementation of U.S. health care reform legislation is increasing these pricing pressures. The Patient Protection and Affordable Care Act instituted comprehensive health care reform, which includes provisions that, among other things, reduce and/or limit Medicare reimbursement, require all individuals to have health insurance (with limited exceptions) and impose new and/or increased taxes. In almost all European markets, pricing and choice of prescription pharmaceuticals are subject to governmental control. Therefore, the price of our products and their reimbursement in Europe is and will be determined by national regulatory authorities. Reimbursement decisions from one or more of the European markets may impact reimbursement decisions in other European markets. A variety of factors are considered in making reimbursement decisions, including whether there is sufficient evidence to show that treatment with the product is more effective than current treatments, that the product represents good value for money for the health service it provides and that treatment with the product works at least as well as currently available treatments. The continuing efforts of government and insurance companies, health maintenance organizations and other payors of health care costs to contain or reduce costs of health care may affect our future revenues and profitability or those of our potential customers, suppliers and collaborative partners, as well as the availability of capital.

We may never be able to generate significant product revenues from the sale of PIXUVRI.

We anticipate that, for at least the next several years, our ability to generate revenues and become profitable will depend, in part, on our ability and that of our collaborator, Servier, to successfully commercialize our only currently marketed product, PIXUVRI. As disclosed elsewhere herein, PIXUVRI is not approved for marketing in the U.S., is presently available only in a limited number of countries and is reimbursed in even fewer countries.

In addition, the successful commercialization of PIXUVRI depends heavily on the ability to obtain and maintain favorable reimbursement rates for users of PIXUVRI, as well as on various additional factors, including, without limitation, the ability to:

- obtain an annual renewal of our conditional marketing authorization for PIXUVRI;
- increase demand for and sales of PIXUVRI and obtain greater acceptance of PIXUVRI by physicians and patients;
- establish and maintain agreements with wholesalers and distributors on reasonable terms;
- maintain, and where necessary, enter into additional, commercial manufacturing arrangements with third parties, cost-effectively manufacture necessary quantities and secure distribution, managerial and other capabilities; and
- further develop and maintain a commercial organization to market PIXUVRI.

If we are unable to successfully commercialize PIXUVRI as planned, our business, financial condition, operating results and prospects could be harmed.

Post-approval or authorization regulatory reviews and obligations often result in significant expense and marketing limitations, and any failure to satisfy such ongoing obligations, including, in particular, our post-authorization commitment trial for PIXUVRI, could negatively affect our business, financial condition, operating results or prospects.

Even if a product receives regulatory approval or authorization, as applicable, we are and will continue to be subject to numerous regulations and statutes regulating the manner of obtaining reimbursement for and selling the product, including limitations on the indicated uses for which a product may be marketed. Approved or authorized products, including PIXUVRI, are subject to extensive manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion and record-keeping regulations. These requirements include submissions of safety and other post-marketing information and reports. In addition, such products are subject to ongoing maintenance of product registration and continued compliance with cGMPs, good clinical practices, or GCPs, and good laboratory practices, or GLPs. Further, distribution of products must be conducted in accordance with good distribution practices, or GDPs. The distribution process and facilities of our third party distributors are subject to, and our wholesale distribution authorization by the UK Medicines and Healthcare Products Regulatory Agency subjects us to, continuing regulation by applicable regulatory authorities with respect to the distribution and storage of products. Regulatory authorities may also impose new restrictions on continued product marketing or may require the withdrawal of a product from the market if adverse events of unanticipated severity or frequency are discovered following approval. In addition, regulatory agencies may impose post-approval/post-authorization clinical trials, such as our ongoing PIX306 trial of PIXUVRI required by the EMA. We cannot predict the outcome of PIX306 or whether we will be able to complete the associated requirements in a timely manner. If we are unable to submit the requisite PIX306 clinical study report by the due date in November 2016 and are unable to obtain an extension of such deadline, or if we are otherwise unable to satisfy all applicable requirements, our conditional marketing authorization for PIXUVRI may be revoked.

Any other failure to comply with applicable regulations could result in warning or untitled letters, product recalls, interruption of manufacturing and commercial supply processes, withdrawal or seizure of products, suspension of an applicable wholesale

distribution authorization and/or distribution of products, operating restrictions, injunctions, suspension of licenses, revocation of the applicable product's approval or authorization, other administrative or judicial sanctions (including civil penalties and/or criminal prosecution) and/or unanticipated related expenditure to resolve shortcomings, which could negatively affect our business, financial condition, operating results or prospects.

We may be unable to obtain a quorum for meetings of our shareholders or obtain requisite shareholder approval and, consequently, be unable to take certain corporate actions, including financing activities.

Failure to meet the requisite quorum or obtain requisite shareholder approval can prevent us from raising capital through equity financing or otherwise taking certain actions that may be in our best interest and that of our shareholders. We have experienced such difficulties in the past.

We are required under the NASDAQ Marketplace Rules to obtain shareholder approval for any issuance of additional equity securities that would comprise more than 20 percent of the total shares of our common stock outstanding before the issuance of such securities sold at a discount to the greater of book or market value in an offering that is not deemed to be a "public offering" by the NASDAQ Marketplace Rules, as well as under certain other circumstances. We have in the past and may in the future issue additional equity securities that would comprise more than 20 percent of the total shares of our common stock outstanding in order to fund our operations. However, we might not be successful in obtaining the required shareholder approval for any future issuance that requires shareholder approval pursuant to applicable rules and regulations, particularly in light of difficulties we have had in the past in obtaining a quorum and obtaining the requisite vote. If we are unable to obtain financing or our financing options are limited due to shareholder approval difficulties, such failure may harm our ability to continue operations.

Additionally, a portion of our common shares are held by Italian institutions and, under Italian laws and regulations, it is difficult to communicate with the beneficial holders of those shares to obtain votes. In recent years, certain depository banks in Italy holding shares of our common stock have facilitated book-entry transfers of their share positions at Monte Titoli, S.p.A., the Italian central clearing agency, to their U.S. correspondent bank, who would then transfer the shares to an account of the Italian bank at a U.S. broker-dealer that is an affiliate of that bank. Certain of the banks we contacted to facilitate these arrangements agreed to make the share transfers pursuant to these arrangements as of the record date of the shareholder meeting, subject to the relevant beneficial owner being given notice before such record date and taking no action to direct the voting of such shares. Obtaining a quorum and necessary shareholder approvals at shareholder meetings may depend in part upon the willingness of the Italian depository banks to continue participating in the custody transfer arrangements, and we cannot be assured that those banks that have participated in the past will continue to do so in the future.

As a result of the foregoing or for other reasons, we may be unable to obtain a quorum at annual or special meetings of shareholders. Even if we are able to obtain a quorum at our shareholder meetings, we may not obtain enough votes to approve matters to be resolved upon at those meetings. Any failure to obtain a quorum or the requisite vote on a proposal in question could harm us.

We are subject to Italian regulatory requirements, which limit our ability to issue additional shares of our common stock, could result in administrative and other challenges and additional expenses and/or could limit our ability to undertake other business initiatives.

Because our common stock is traded on the Mercato Telematico Azionario, or MTA, in Italy, we are required to also comply with the rules and regulations of CONSOB and the Borsa Italiana, which regulate companies listed on Italy's public markets. Compliance with Italian regulatory requirements may delay additional issuances of our common stock or other business initiatives. Under Italian law, we must publish a registration document, securities note and summary (which jointly compose a prospectus) that have to be approved by CONSOB prior to issuing common stock that is equal to or exceeds, in any twelve-month period, 10 percent of the number of shares of our common stock outstanding at the beginning of that period, subject to certain exceptions. If we are unable to obtain and maintain a registration document, securities note or summary to cover general financing efforts under Italian law, we may be required to raise money using alternative forms of securities. For example, we have issued convertible preferred stock in numerous prior offerings and may in the future issue convertible securities; the common stock resulting from the conversion of such securities, subject to current provisions of European Directive No. 71/2003 and according to the current interpretations of the Committee of European Securities Regulators, is not subject to the 10 percent limitation imposed by E.U. and Italian law. However, this exception to the prospectus requirement could change or cease to be available as a result of changes in regulations, interpretive positions, and policies or otherwise. Any such change may increase compliance costs or limit our ability to issue securities. Compliance with these regulations and responding to periodic information requests from Borsa Italiana and CONSOB requires us to devote additional time and resources to regulatory compliance matters and to incur additional expenses of engaging additional outside counsel, accountants and other professional advisors. Actual or alleged failure to comply with Italian regulators can also subject us to regulatory investigations and fines or other sanctions from time to time. For more information on a current investigation, see Part II, Item 1, "Legal Proceedings".

Any of such regulatory requirements of CONSOB and the Borsa Italiana could result in administrative and other challenges and additional expenses, limit our ability to undertake other business initiatives and negatively affect our business, financial condition, operating results and prospects.

We will incur a variety of costs for, and may never realize the anticipated benefits of, acquisitions, collaborations or other strategic transactions.

We evaluate and undertake acquisitions, collaborations and other strategic transactions from time to time. The process of negotiating these transactions, as well as integrating any acquisitions and implementing any strategic alliances, may result in operating difficulties and expenditures. In addition, these transactions may require significant management attention that would otherwise be available for ongoing development of our business, whether or not any such transaction is ever consummated. These undertakings could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to intangible assets, and we may never realize the anticipated benefits. In addition, following the consummation of a transaction, our results of operations and the market price of our common stock may be affected by factors different from those that affected our results of operations and the market price of our common stock prior to such acquisition. Any of the foregoing consequences resulting from transactions of the type described above could harm our business, financial condition, operating results or prospects.

We may be subject to fines, penalties, injunctions and other sanctions if we are deemed to be promoting the use of our products for non-FDA-approved, or off-label, uses.

Our business and future growth depend on the development, ultimate sale and use of products that are subject to FDA, EMA and or other regulatory agencies regulation, clearance and approval. Under the U.S. Federal Food, Drug, and Cosmetic Act and other laws, we are prohibited from promoting our products for off-label uses. This means that in the U.S., we may not make claims about the safety or effectiveness of our products and may not proactively discuss or provide information on the use of our products, except as allowed by the FDA.

Government investigations concerning the promotion of off-label uses and related issues are typically expensive, disruptive and burdensome, generate negative publicity and may result in fines or payments of settlement awards. For example, in April 2007, we paid a civil penalty of $10.6 million and entered into a settlement agreement with the U.S. Attorney's Office for the Western District of Washington arising out of their investigation into certain of our prior marketing practices relating to TRISENOX, which was divested to Cephalon. in July 2005. As part of that settlement agreement and in connection with the acquisition of Zevalin, we also entered into a corporate integrity agreement with the Office of the Inspector General, Health and Human Services, which required us to establish a compliance committee and compliance program and adopt a formal code of conduct. If our promotional activities are found to be in violation of applicable law or if we agree to a settlement in connection with an enforcement action, we would likely face significant fines and penalties and would likely be required to substantially change our sales, promotion, grant and educational activities.

A failure to comply with the numerous laws and regulations that govern our business, including those related to cross-border conduct, health care fraud and abuse, anti-corruption and false claims and the protection of health information, could result in substantial penalties and prosecution.

We are subject to risks associated with doing business outside of the U.S., which exposes us to complex foreign and U.S. regulations. For example, we are subject to regulations imposed by the Foreign Corrupt Practices Act, or the FCPA, the U.K. Bribery Act 2010 and other anti-corruption laws. These laws generally prohibit U.S. companies and their intermediaries from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. The SEC and U.S. Department of Justice have increased their enforcement activities with respect to the FCPA. Internal control policies and procedures and employee training and compliance programs that we have implemented to deter prohibited practices may not be effective in prohibiting our employees, contractors or agents from violating or circumventing our policies and the law.

In addition, we are subject to various state and federal fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute and federal False Claims Act. There are similar laws in other countries. These laws may impact, among other things, the sales, marketing and education programs for our products. The federal Anti-Kickback Statute prohibits persons from knowingly and willingly soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing or arranging for a good or service, for which payment may be made under a federal health care program. The federal False Claims Act prohibits persons from knowingly filing, or causing to be filed, a false claim to, or the knowing use of false statements to obtain payment from the federal government. Suits filed under the False Claims Act can be brought by any individual on behalf of the government and such individuals, commonly known as "whistleblowers," may share in any

amounts paid by the entity to the government in fines or settlement. Many states have also adopted laws similar to the federal Anti-Kickback Statute and False Claims Act.

We may also be subject to the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act and their respective implementing regulations, or HIPAA, which established uniform standards for certain "covered entities" (health care providers, health plans and health care clearinghouses) governing the conduct of certain electronic health care transactions and protecting the security and privacy of protected health information. Among other things, HIPAA's privacy and security standards are directly applicable to "business associates" — independent contractors or agents of covered entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. In addition to possible civil and criminal penalties for violations, state attorneys general are authorized to file civil actions for damages or injunctions in federal courts to enforce HIPAA and seek attorney's fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

We are unable to predict whether we could be subject to actions under any of the foregoing or similar laws and regulations, or the impact of such actions. If we were to be found to be in violation of applicable laws or regulations, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from government health care reimbursement programs and the curtailment or restructuring of our operations, all of which could have a material adverse effect on our business and results of operations.

We are dependent on third party service providers for a number of critical operational activities including, in particular, for the manufacture, testing and distribution of our compounds and associated supply chain operations, as well as for clinical trial activities. Any failure or delay in these undertakings by third parties could harm our business.

Our business is dependent on the performance by third parties of their responsibilities under contractual relationships. In particular, we rely heavily on third parties for the manufacture and testing of our compounds. We do not have internal analytical laboratory or manufacturing facilities to allow the testing or production of compounds in compliance with GLP and cGMP. As a result, we rely on third parties to supply us in a timely manner with manufactured products/product candidates. We may not be able to adequately manage and oversee the manufacturers we choose, they may not perform as agreed or they may terminate their agreements with us. In particular, we depend on third party manufacturers to conduct their operations in compliance with GLP and cGMP or similar standards imposed by the U.S. and/or applicable foreign regulatory authorities, including the FDA and EMA. Any of such regulatory authorities may take action against a contract manufacturer who violates GLP and cGMP. Failure of our manufacturers to comply with FDA, EMA or other applicable regulations may cause us to curtail or stop the manufacture of such products until we obtain regulatory compliance.

We may not be able to obtain sufficient quantities of our compounds if we are unable to secure manufacturers when needed, or if our designated manufacturers do not have the capacity or otherwise fail to manufacture compounds according to our schedule and specifications. In particular, in connection with the transition of the manufacturing of PIXUVRI and pacritinib drug supply to successor vendors, respectively, we could face logistical, scaling or other challenges that may adversely affect supply. Furthermore, in order to ultimately obtain and maintain applicable regulatory approvals, any manufacturers we utilize are required to consistently produce the respective compounds in commercial quantities and of specified quality or execute fill-finish services on a repeated basis and document their ability to do so, which is referred to as process validation. In order to obtain and maintain regulatory approval of a compound, the applicable regulatory authority must consider the result of the applicable process validation to be satisfactory and must otherwise approve of the manufacturing process. Even if our compound manufacturing processes obtain regulatory approval and sufficient supply is available to complete clinical trials necessary for regulatory approval, there are no guarantees we will be able to supply the quantities necessary to effect a commercial launch of the applicable drug, or once launched, to satisfy ongoing demand. Any compound shortage could also impair our ability to deliver contractually required supply quantities to applicable collaborators, as well as to complete any additional planned clinical trials.

We also rely on third party service providers for certain warehousing, transportation, sales, order processing, distribution and cash collection services. With regard to the distribution of our compounds, we depend on third party distributors to act in accordance with GDP, and the distribution process and facilities are subject to continuing regulation by applicable regulatory authorities with respect to the distribution and storage of products.

In addition, we depend on medical institutions and CROs (together with their respective agents) to conduct clinical trials and associated activities in compliance with GCP and in accordance with our timelines, expectations and requirements. To the extent any such third parties are delayed in achieving or fail to meet our clinical trial enrollment expectations, fail to conduct our trials in accordance with GCP or study protocol or otherwise take actions outside of our control or without our consent, our business may be harmed. Furthermore, we conduct clinical trials in foreign countries, subjecting us to additional risks and challenges, including, in

particular, as a result of the engagement of foreign medical institutions and foreign CROs, who may be less experienced with regard to regulatory matters applicable to us and may have different standards of medical care.

With regard to certain of the foregoing clinical trial operations and stages in the manufacturing and distribution chain of our compounds, we rely on single vendors. In particular, our current business structure contemplates, at least in the foreseeable future, use of a single commercial supplier for PIXUVRI drug substance. In addition, in the event pacritinib is approved, we are initially preparing to have only one commercial supplier for pacritinib. Although our collaborator, Baxalta, intends to qualify an additional manufacturer of pacritinib, the process for obtaining approval of a manufacturer can be lengthy. The use of single vendors for core operational activities, such as clinical trial operations, manufacturing and distribution, and the resulting lack of diversification, expose us to the risk of a material interruption in service related to these single, outside vendors. As a result, our exposure to this concentration risk could harm our business.

Although we monitor the compliance of our third party service providers performing the aforementioned services, we cannot be certain that such service providers will consistently comply with applicable regulatory requirements or that they will otherwise timely satisfy their obligations to us. Any such failure and/or any failure by us to monitor their services and to plan for and manage our short and long term requirements underlying such services could result in shortage of the compound, delays in or cessation of clinical trials, failure to obtain or revocation of product approvals or authorizations, product recalls, withdrawal or seizure of products, suspension of an applicable wholesale distribution authorization and/or distribution of products, operating restrictions, injunctions, suspension of licenses, other administrative or judicial sanctions (including civil penalties and/or criminal prosecution) and/or unanticipated related expenditures to resolve shortcomings. Such consequences could have a significant impact on our business, financial condition, operating results or prospects.

If we are unable to recruit, retain, integrate and motivate senior management, other key personnel and directors, or if such persons are unable to perform effectively, our business could suffer.

Our future success depends, in part, on our ability to continue to attract and retain senior management, other key personnel and directors to enable the execution of our business plan and to identify and pursue new opportunities. Additionally, our productivity and the quality of our operations are dependent on our ability to integrate and train our new personnel quickly and effectively.

Directors and management of publicly traded corporations are increasingly concerned with the extent of their personal exposure to lawsuits and shareholder claims, as well as governmental, creditor and other claims that may be made against them. Due to these and other reasons, such persons are also becoming increasingly concerned with the availability of directors and officers liability insurance to pay on a timely basis the costs incurred in defending such claims. We currently carry certain directors and officers liability insurance. However, directors and officers liability insurance is expensive and can be difficult to obtain. If we are unable to continue to provide directors and officers sufficient liability insurance at affordable rates or at all, or if directors and officers perceive our ability to do so in the future to be limited, it may become increasingly more difficult to attract and retain management and qualified directors to serve on our Board of Directors.

The loss of the services of senior management, other key personnel or directors and/or the inability to timely attract or integrate such persons could significantly delay or prevent the achievement of our development and strategic objectives and may adversely affect our business, financial condition and operating results.

We face direct and intense competition from our competitors in the biotechnology and pharmaceutical industries, and we may not compete successfully against them.

Competition in the oncology market is intense and is accentuated by the rapid pace of technological and product development. We anticipate that we will face increased competition in the future as new companies enter the market. Our competitors in the U.S. and elsewhere are numerous and include, among others, major multinational pharmaceutical companies, specialized biotechnology companies and universities and other research institutions. Specifically:

- In Europe, PIXUVRI faces competition from existing treatments for adults with multiply relapsed or refractory aggressive B-cell NHL. For example, patients are currently being treated with ibrutinib, idelalisib, lenolidimide, bendamustine, oxaliplatin and gemcitabine, although these particular agents do not have regulatory approval in Europe for the foregoing indication. If we were to pursue bringing PIXUVRI to market in the U.S. (which is not currently part of our near-term plan), PIXUVRI would face similar competition.
- If we are successful in bringing pacritinib to market, pacritinib will face competition from the currently approved JAK1/JAK2 inhibitor, Jakafi®.

- If we are successful in bringing tosedostat to market, we will face competition from currently marketed products, such as cytarabine, Dacogen®, Vidaza®, Clolar®, Revlimid® and Thalomid®.
- If we are successful in bringing Opaxio to market, we will face competition from other taxanes, epothilones, and other cytotoxic agents, which inhibit cancer cells by a mechanism similar to taxanes, or similar products such as paclitaxel and generic forms of paclitaxel, docetaxel, Tarceva®, Avastin ®, Alimta® and Abraxane ®.

In addition to the specific competitive factors discussed above, new anti-cancer drugs that may be under development or developed and marketed in the future could compete with our various compounds.

Many of our competitors, particularly multinational pharmaceutical companies, either alone or together with their collaborators, have substantially greater financial and technical resources and substantially larger development and marketing teams than us, as well as significantly greater experience than we do in developing, commercializing, manufacturing, marketing and selling products. As a result, products of our competitors might come to market sooner or might prove to be more effective, less expensive, have fewer side effects or be easier to administer than ours. In any such case, sales of PIXUVRI or any potential future product would likely suffer and we might never recoup the significant investments we have made and will continue to make to develop and market these compounds.

If any of our license agreements for intellectual property underlying our compounds are terminated, we may lose the right to develop or market that product.

We have acquired or licensed intellectual property from third parties, including patent applications and patents relating to intellectual property for PIXUVRI, pacritinib and tosedostat. We have also licensed the intellectual property for our drug delivery technology relating to Opaxio, which uses polymers that are linked to drugs known as polymer-drug conjugates. Some of our product development programs depend on our ability to maintain rights under these arrangements. Each licensor has the power to terminate its agreement with us if we fail to meet our obligations under these licenses. We may not be able to meet our obligations under these licenses. If we default under any license agreement, we may lose our right to market and sell any products based on the licensed technology and may be forced to cease operations, liquidate our assets and possibly seek bankruptcy protection. Bankruptcy may result in the termination of agreements pursuant to which we license certain intellectual property rights.

If we are unable to in-license or acquire additional product candidates, our future product portfolio and potential profitability could be harmed.

One component of our business strategy is the in-licensing and acquisition of drug compounds developed by other pharmaceutical and biotechnology companies or academic research laboratories. PIXUVRI, pacritinib, tosedostat and Opaxio have all been in-licensed or acquired from third parties. Competition for new promising compounds and commercial products can be intense. If we are not able to identify future in-licensing or acquisition opportunities and enter into arrangements on acceptable terms, our future product portfolio and potential profitability could be harmed.

We hold rights under numerous patents that we have acquired or licensed or that protect inventions originating from our research and development, and the expiration of any of these patents may allow our competitors to copy the inventions that are currently protected.

We dedicate significant resources to protecting our intellectual property, which is important to our business. We have filed numerous patent applications in the U.S. and various other countries seeking protection of inventions originating from our research and development, and we have also obtained rights to various patents and patent applications under licenses with third parties and through acquisitions. Patents have been issued on many of these applications. We have pending patent applications or issued patents in the U.S. and foreign countries directed to PIXUVRI, pacritinib, tosedostat, Opaxio and other product candidates. However, the lives of these patents are limited. Patents for the individual products extend for varying periods according to the date of the patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. The patent status of our compounds follows:

- Our PIXUVRI-directed patents currently in force in Europe began to expire in late March 2015 and will continue to expire through a portion of 2023. Certain of such European patents are also subject to Supplementary Protection Certificates that extend the life of the applicable patents such that they will instead expire from 2020 to 2027. In addition, we are seeking to obtain a Supplementary Protection Certificate for one other PIXUVRI-directed European patent that, if obtained, could extend the applicable patent through 2027. However, no assurances can be made that such extension will be granted. In the U.S., we have a pending PIXUVRI-directed U.S. patent application for which we recently received a notice of allowance and which, when issued, will expire in 2023, subject to any applicable patent term adjustment. Our PIXUVRI-directed patents outside of Europe and the U.S. expire from 2015 to 2023.
- Our U.S. and various foreign pacritinib-directed patents expire from 2026 through 2030.

- Our U.S. and various foreign tosedostat-directed patents expire from 2017 to 2018.
- Our U.S. and various foreign Opaxio-directed patents primarily expire from 2017 through 2019.

In the absence of a patent, we would, to the extent possible, need to rely on unpatented technology, know-how and confidential information. Ultimately, the lack or expiration at any given time of a patent to protect our compounds may allow our competitors to copy the underlying inventions and better compete with us.

If we fail to adequately protect our intellectual property, our competitive position and the potential for long-term success could be harmed.

Development and protection of our intellectual property are critical to our business. If we do not adequately protect our intellectual property, competitors may be able to practice our technologies. Our success depends in part on our ability to:

- obtain and maintain patent protection for our products or processes both in the U.S. and other countries;
- protect trade secrets; and
- prevent others from infringing on our proprietary rights.

The patent position of pharmaceutical and biotechnology firms, including ours, generally is highly uncertain and involves complex legal and factual questions. The U.S. Patent and Trademark Office has not established a consistent policy regarding the breadth of claims that it will allow in biotechnology patents. If it allows broad claims, the number and cost of patent interference proceedings in the U.S. and the risk of infringement litigation may increase. If it allows narrow claims, the risk of infringement may decrease, but the value of our rights under our patents, licenses and patent applications may also decrease. Patent applications in which we have rights may never issue as patents, and the claims of any issued patents may not afford meaningful protection for our technologies or products. In addition, patents issued to us or our licensors may be challenged and subsequently narrowed, invalidated or circumvented. Litigation, interference proceedings or other governmental proceedings that we may become involved in with respect to our proprietary technologies or the proprietary technology of others could result in substantial cost to us.

We also rely upon trade secrets, proprietary know-how and continuing technological innovation to remain competitive. Third parties may independently develop such know-how or otherwise obtain access to our technology. While we require our employees, consultants and corporate partners with access to proprietary information to enter into confidentiality agreements, these agreements may not be honored.

Patent litigation is widespread in the biotechnology industry, and any patent litigation could harm our business.

Costly litigation might be necessary to protect a patent position or to determine the scope and validity of third party proprietary rights, and we may not have the required resources to pursue any such litigation or to protect our patent rights. Any adverse outcome in litigation with respect to the infringement or validity of any patents owned by third parties could subject us to significant liabilities to third parties, require disputed rights to be licensed from third parties or require us to cease using a product or technology. With respect to our in-licensed patents, if we attempt to initiate a patent infringement suit against an alleged infringer, it is possible that our applicable licensor will not participate in or assist us with the suit and as a result we may not be able to effectively enforce the applicable patents against the alleged infringers.

We may be unable to obtain or protect our intellectual property rights and we may be liable for infringing upon the intellectual property rights of others, which may cause us to engage in costly litigation and, if unsuccessful, could cause us to pay substantial damages and prohibit us from selling our products.

At times, we may monitor patent filings for patents that might be relevant to some of our products and product candidates in an effort to guide the design and development of our products to avoid infringement, but may not have conducted an exhaustive search. We may not be able to successfully challenge the validity of third party patents and could be required to pay substantial damages, possibly including treble damages, for past infringement and attorneys' fees if it is ultimately determined that our products infringe such patents. Further, we may be prohibited from selling our products before we obtain a license, which, if available at all, may require us to pay substantial royalties.

Moreover, third parties may challenge the patents that have been issued or licensed to us. We do not believe that PIXUVRI, pacritinib or any of the other compounds we are currently developing infringe upon the rights of any third parties nor are they materially infringed upon by third parties; however, there can be no assurance that our technology will not be found in the future to infringe upon the rights of others or be infringed upon by others. In such a case, others may assert infringement claims against us, and should we be found to infringe upon their patents, or otherwise impermissibly utilize their intellectual property, we might be forced to

pay damages, potentially including treble damages, if we are found to have willfully infringed on such parties' patent rights. In addition to any damages we might have to pay, we may be required to obtain licenses from the holders of this intellectual property, enter into royalty agreements or redesign our compounds so as not to utilize this intellectual property, each of which may prove to be uneconomical or otherwise impossible. Conversely, we may not always be able to successfully pursue our claims against others that infringe upon our technology and the technology exclusively licensed from any third parties. Thus, the proprietary nature of our technology or technology licensed by us may not provide adequate protection against competitors.

Even if infringement claims against us are without merit, or if we challenge the validity of issued patents, lawsuits take significant time, may, even if resolved in our favor, be expensive and divert management attention from other business concerns. Uncertainties resulting from the initiation and continuation of any litigation could limit our ability to continue our operations.

The illegal distribution and sale by third parties of counterfeit versions of a product or stolen product could have a negative impact on our reputation and business.

Third parties might illegally distribute and sell counterfeit or unfit versions of a product that do not meet our rigorous manufacturing and testing standards. A patient who receives a counterfeit or unfit product may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit or unfit product sold under our brand name. In addition, thefts of inventory at warehouses, plants or while in-transit, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

We may owe additional amounts for VAT related to our operations in Europe.

Our European operations are subject to the VAT, which is usually applied to all goods and services purchased and sold throughout Europe. The VAT receivable was $4.6 million and $4.9 million as of September 30, 2015 and December 31, 2014, respectively. On April 14, 2009, December 21, 2009 and June 25, 2010, the ITA issued notices of assessment to our branch, CTI (Europe), based on the ITA's audit of CTI (Europe)'s VAT returns for the years 2003, 2005, 2006 and 2007. The ITA audits concluded that CTI (Europe) did not collect and remit VAT on certain invoices issued to non-Italian clients for services performed by CTI (Europe). The assessments, including interest and penalties, for the years 2003, 2005, 2006 and 2007 are €0.5 million, €5.5 million, €2.5 million and €0.8 million, respectively. While we are defending ourselves against the assessments both on procedural grounds and on the merits of the case, there can be no assurances that we will be successful in such defense. Further information pertaining to these cases can be found in Part II, Item 1, "Legal Proceedings", and is incorporated by reference herein. If the final decision of the Italian Supreme Court is unfavorable to us, or if, in the interim, the ITA were to make a demand for payment and we were to be unsuccessful in suspending collection efforts, we may be requested to pay to the ITA an amount up to €9.4 million (or approximately $10.5 million upon conversion from euros as of September 30, 2015) plus collection fees, notification expenses and additional interest for the period lapsed between the date in which the assessments were issued and the date of effective payment.

We are currently subject to certain regulatory and legal proceedings, and may in the future be subject to additional proceedings and/or allegations of wrong-doing, which could harm our financial condition and operating results and our ability to procure or afford directors and officers liability insurance.

We are currently, and may in the future be, subject to regulatory matters and legal claims, including possible securities, derivative, consumer protection and other types of proceedings pursued by individuals, entities or regulatory bodies. As described in Part II, Item 1, "Legal Proceedings", we are currently engaged in certain pending legal matters. Litigation is subject to inherent uncertainties, and we have had and may in the future have unfavorable rulings and settlements. Adverse outcomes in some or all of such pending cases may result in significant monetary damages or injunctive relief against us. It is possible that our financial condition and operating results could be harmed in any period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable, and if an unfavorable ruling were to occur in any of the legal proceedings we are or may be subject to, our business, financial condition, operating results and prospects could be harmed. We are subject to a variety of claims and lawsuits from time to time, some of which arise in the ordinary course of our business. The ultimate outcome of litigation and other claims is subject to inherent uncertainties, and our view of these matters may change in the future.

Securities class action and shareholder derivative lawsuits are often instituted against issuers. We have been subjected to such actions and we, together with our directors and one former director, presently are subject to a derivative lawsuit.

We cannot predict with certainty the eventual outcome of pending litigation. In addition, negative publicity resulting from any allegations of wrong-doing could harm our business, regardless of whether the allegations are valid or whether there is a finding of liability. Furthermore, we may have to incur substantial time and expense in connection with such lawsuits and management's attention and resources could be diverted from operating our business as we respond to the litigation. Our insurance is subject to high deductibles and there is no guarantee that the insurance will cover any specific claim that we currently face or may face in the future,

or that it will be adequate to cover all potential liabilities and damages. In the event of negative publicity resulting from allegations of wrong-doing and/or an adverse outcome under any currently pending or future lawsuit, our business could be materially harmed.

Our net operating losses may not be available to reduce future income tax liability.

We have substantial tax loss carryforwards for U.S. federal income tax purposes, but our ability to use such carryforwards to offset future income or tax liability is limited under section 382 of the Internal Revenue Code of 1986, as amended, as a result of prior changes in the stock ownership of the Company. Moreover, future changes in the ownership of our stock, including those resulting from issuance of shares of our common stock upon exercise of outstanding warrants, may further limit our ability to use our net operating losses.

Due to the fact that we have European branches and subsidiaries conducting operations, together with the fact that we are party to certain contractual arrangements denoting monetary amounts in foreign currencies, we are subject to risk regarding currency exchange rate fluctuations.

We are exposed to risks associated with the translation of euro-denominated financial results and accounts into U.S. dollars for financial reporting purposes. The carrying value of the assets and liabilities, as well as the reported amounts of revenues and expenses, in our European branches and subsidiaries will be affected by fluctuations in the value of the U.S. dollar as compared to the euro. Any expansion of our commercial operations in Europe (including with regard to sales of PIXUVRI) may increase our exposure to fluctuations in foreign currency exchange rates. In addition, certain of our contractual arrangements, such as the Servier Agreement, denote monetary amounts in foreign currencies, and consequently, the ultimate financial impact to us from a U.S. dollar perspective is subject to significant uncertainty. Changes in the value of the U.S. dollar as compared to foreign currencies (in particular, the euro) might have an adverse effect on our reported operating results and financial condition.

We may be unable to obtain the raw materials necessary to produce a particular product or product candidate.

We may not be able to purchase the materials necessary to produce a particular product or product candidate in adequate volume and quality. For example, paclitaxel, a material used to produce Opaxio, is derived from certain varieties of yew trees and the supply of paclitaxel is controlled by a limited number of companies. If any raw material required to produce a product or product candidate is insufficient in quantity or quality, if a supplier fails to deliver in a timely fashion or at all or if these relationships terminate, we may not be able to qualify and obtain a sufficient supply from alternate sources on acceptable terms, or at all.

Because there is a risk of product liability associated with our compounds, we face potential difficulties in obtaining insurance, and if product liability lawsuits were to be successfully brought against us, our business may be harmed.

Our business exposes us to potential product liability risks inherent in the testing, manufacturing, marketing and sale of human pharmaceutical products. In particular, as a result of the commercialization of PIXUVRI, our risk with respect to potential product liability has increased. If our insurance covering a compound is not maintained on acceptable terms or at all, we might not have adequate coverage against potential liabilities. Our inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or limit the commercialization of any products we develop. A successful product liability claim could also exceed our insurance coverage and could harm our financial condition and operating results.

We may be subject to claims relating to improper handling, storage or disposal of hazardous materials.

Our research and development activities involve the controlled use of hazardous materials, chemicals and various radioactive compounds. We are subject to federal, state and local laws and regulations, both internationally and domestically, governing the use, manufacture, storage, handlings, treatment, transportation and disposal of such materials and certain waste products and employee safety and health matters. Although we believe that our safety procedures for handling and disposing of such materials comply with applicable law and regulations, the risk of accidental contamination or injury from these materials cannot be eliminated completely. In the event of such an accident, we could be held liable for any damages that result and any such liability not covered by insurance could exceed our resources. Compliance with environmental, safety and health laws and regulations may be expensive, and current or future environmental regulations may impair our research, development or production efforts.

We depend on sophisticated information technology systems to operate our business and a cyber-attack or other breach of these systems could have a material adverse effect on our business.

We rely on information technology systems to process, transmit and store electronic information in our day-to-day operations. The size and complexity of our information technology systems makes them vulnerable to a cyber-attack, malicious intrusion, breakdown, destruction, loss of data privacy or other significant disruption. Any such successful attacks could result in the theft of

intellectual property or other misappropriation of assets, or otherwise compromise our confidential or proprietary information and disrupt our operations. Cyber-attacks are becoming more sophisticated and frequent. We have invested in our systems and the protection of our data to reduce the risk of an intrusion or interruption, and we monitor our systems on an ongoing basis for any current or potential threats. There can be no assurance that these measures and efforts will prevent future interruptions or breakdowns. If we fail to maintain or protect our information technology systems and data integrity effectively or fail to anticipate, plan for or manage significant disruptions to these systems, we could have difficulty preventing, detecting and controlling fraud, have disputes with customers, physicians and other health care professionals, have regulatory sanctions or penalties imposed, have increases in operating expenses, incur expenses or lose revenues or suffer other adverse consequences, any of which could have a material adverse effect on our business, results of operations, financial condition, prospects and cash flows.

Risks Related To the Securities Markets

Shares of our common stock are subordinate to any preferred stock we may issue and to existing and any future indebtedness.

Shares of our common stock rank junior to any shares of our preferred stock that we may issue in the future and to our existing indebtedness, including under our senior secured term loan agreement and our outstanding balance of $32 million classified as debt as a result of the milestone advance we received from Baxalta, and any future indebtedness we may incur, as well as to all creditor claims and other non-equity claims against us and our assets available to satisfy claims on us, including claims in a bankruptcy or similar proceeding. Our senior secured term loan agreement restricts, and any future indebtedness and preferred stock may restrict, payment of dividends on our common stock.

Additionally, unlike indebtedness, where principal and interest customarily are payable on specified due dates, in the case of our common stock, (i) dividends are payable only when and if declared by our Board of Directors or a duly authorized committee of our Board of Directors and (ii) as a corporation, we are restricted to making dividend payments and redemption payments out of legally available assets. We have never paid a dividend on our common stock and have no current intention to pay dividends in the future. Furthermore, our common stock places no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the voting rights available to our shareholders generally.

We may not be able to maintain our listings on The NASDAQ Capital Market and the MTA in Italy, or trading on these exchanges may otherwise be halted or suspended, which may make it more difficult for investors to sell shares of our common stock and consequently may negatively impact the price of our common stock.

Maintaining the listing of our common stock on The NASDAQ Capital Market requires that we comply with certain listing requirements. We have in the past and may in the future fail to continue to meet one or more listing requirements. For example, in June 2012, we received a notification from The NASDAQ Stock Market indicating non-compliance with the requirement to maintain a minimum closing bid price of $1.00 per share and that we would be delisted if we did not timely regain compliance. In connection therewith, we regained compliance through a reverse stock split in September 2012, but we could fail to meet the continued listing requirements as a result of a decrease in our stock price or otherwise.

If our common stock ceases to be listed for trading on The NASDAQ Capital Market for any reason, it may harm our stock price, increase the volatility of our stock price, decrease the level of trading activity and make it more difficult for investors to buy or sell shares of our common stock. Our failure to maintain a listing on The NASDAQ Capital Market may constitute an event of default under our senior secured term loan and any future indebtedness, which would accelerate the maturity date of such debt or trigger other obligations. In addition, certain institutional investors that are not permitted to own securities of non-listed companies may be required to sell their shares adversely affecting the market price of our common stock. If we are not listed on The NASDAQ Capital Market or if our public float falls below $75 million, we will be limited in our ability to file new shelf registration statements on SEC Form S-3 and/or to fully use one or more registration statements on SEC Form S-3. We have relied significantly on shelf registration statements on SEC Form S-3 for most of our financings in recent years, so any such limitations may harm our ability to raise the capital we need. Delisting from The NASDAQ Capital Market could also affect our ability to maintain our listing or trading on the MTA in Italy. Trading in our common stock has been halted or suspended on both The NASDAQ Capital Market and MTA in the past and may also be halted or suspended in the future due to market or trading conditions at the discretion of The NASDAQ Stock Market, CONSOB or the Borsa Italiana (which ensures the development of the managed markets in Italy). Any halt or suspension in the trading in our common stock may negatively impact the market price of our common stock.

The market price of shares of our common stock is extremely volatile, which may affect our ability to raise capital in the future and may subject the value of your investment in our securities to sudden decreases.

The market price for securities of biopharmaceutical and biotechnology companies, including ours, historically has been highly volatile, and the market from time to time has experienced significant price and volume fluctuations that are unrelated to the operating performance of such companies. For example, during the 12-month period ended October 30, 2015, our stock price has ranged from a

low of $1.32 to a high of $2.94. Fluctuations in the market price or liquidity of our common stock may harm the value of your investment in our common stock.

Factors that may have an impact, which, depending on the circumstances, could be significant, on the market price and marketability of our securities include:

- announcements by us or others of results of clinical trials and regulatory actions, such as the imposition of a clinical trial hold;
- announcements by us or others of serious adverse events that have occurred during administration of our products to patients;
- announcements by us or others relating to our ongoing development and commercialization activities;
- announcements of technological innovations or new commercial therapeutic products by us, our collaborative partners or our present or potential competitors;
- our issuance of debt or equity securities, which we expect to pursue to generate additional funds to operate our business, or any perception from time to time that we will issue such securities;
- our quarterly operating results;
- liquidity, cash position or financing needs;
- developments or disputes concerning patent or other proprietary rights;
- developments in relationships with collaborative partners;
- acquisitions or divestitures;
- our ability to realize the anticipated benefits of our compounds;
- litigation and government proceedings;
- adverse legislation, including changes in governmental regulation;
- third party reimbursement policies;
- changes in securities analysts' recommendations;
- short selling of our securities;
- changes in health care policies and practices;
- a failure to achieve previously announced goals and objectives as or when projected;
- halting or suspension of trading in our common stock on The NASDAQ Capital Market or on the MTA; and
- general economic and market conditions.

Anti-takeover provisions in our charter documents, in our shareholder rights agreement, or rights plan, under Washington law and in other applicable instruments could make removal of incumbent management or an acquisition of us, which may be beneficial to our shareholders, more difficult.

Provisions of our articles of incorporation and bylaws may have the effect of deterring or delaying attempts by our shareholders to remove or replace management, to commence proxy contests or to effect changes in control. These provisions include:

- elimination of cumulative voting in the election of directors;
- procedures for advance notification of shareholder nominations and proposals;
- the ability of our Board of Directors to amend our bylaws without shareholder approval; and
- the ability of our Board of Directors to issue shares of preferred stock without shareholder approval upon the terms and conditions and with the rights, privileges and preferences as our Board of Directors may determine.

Pursuant to our rights plan, an acquisition of 20 percent or more of our common stock by a person or group, subject to certain exceptions, could result in the exercisability of the preferred stock purchase right accompanying each share of our common stock (except those held by a 20 percent shareholder, which become null and void), thereby entitling the holder to receive upon exercise, in lieu of a number of units of preferred stock, that number of shares of our common stock having a market value of two times the

exercise price of the right. The existence of our rights plan could have the effect of delaying, deterring or preventing a third party from making an acquisition proposal for us and may inhibit a change in control that some, or a majority, of our shareholders might believe to be in their best interest or that could give our shareholders the opportunity to realize a premium over the then-prevailing market prices for their shares.

In addition, as a Washington corporation, we are subject to Washington's anti-takeover statute, which imposes restrictions on some transactions between a corporation and certain significant shareholders. Other existing provisions applicable to us that could have an anti-takeover effect include our executive employment agreements and certain provisions of our outstanding equity-based compensatory awards that allow for acceleration of vesting in the event of a change in control.

The foregoing provisions, alone or together, could have the effect of deterring or delaying changes in incumbent management, proxy contests or changes in control.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Stock Repurchases in the Second Quarter

The following table sets forth information with respect to purchases of our common stock during the three months ended September 30, 2015:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 - July 31, 2015	1,713	1.90	—	—
August 1 - August 31, 2015	4,988	$ 1.67	—	—
September 1 - September 30, 2015	16,340	$ 1.53	—	—
Total	23,041	1.59	—	—

(1) Represents purchases of shares in connection with satisfying tax withholding obligations on the vesting of restricted stock awards to employees granted under the Plan.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Location
2.1	Agreement and Plan of Merger by and between Registrant and Novuspharma, S.p.A., dated as of June 16, 2003.	Incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on June 17, 2003.
3.1	Amended and Restated Articles of Incorporation.	Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on March 23, 2015.
3.2	Articles of Amendment to Amended and Restated Articles of Incorporation, dated October 29, 2015 (Series N Preferred Stock).	Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on October 30, 2015.
3.3	Articles of Amendment to Amended and Restated Articles of Incorporation, dated October 29, 2015 (Series N-1 Preferred Stock).	Incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on October 30, 2015.
3.4	Amended and Restated Bylaws.	Incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on June 2, 2014.
4.1	Shareholder Rights Agreement, dated December 28, 2009, between Registrant and Computershare Trust Company, N.A.	Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A, filed on December 28, 2009.
4.2	First Amendment to Shareholder Rights Agreement, dated as of August 31, 2012, between Registrant and Computershare Trust Company, N.A., as Rights Agent.	Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on September 4, 2012.
4.3	Second Amendment to Shareholder Rights Agreement, dated as of December 6, 2012, between Registrant and Computershare Trust Company, N.A., as Rights Agent.	Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on December 7, 2012.
4.4	Specimen Common Stock Certificate	Incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-3 (File No. 333-200452), filed on November 21, 2014.
4.5	Form of Common Stock Purchase Warrant, dated October 22, 2010.	Incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on October 22, 2010.
4.6	Form of Common Stock Purchase Warrant, dated May 3, 2011.	Incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on May 2, 2011.
4.7	Form of Common Stock Purchase Warrant, dated July 5, 2011.	Incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on July 6, 2011.
4.8	Form of Common Stock Purchase Warrant, dated December 13, 2011.	Incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on December 14, 2011.
4.9	Warrant Agreement, dated June 9, 2015, by and between Registrant and Hercules Technology Growth Capital, Inc.	Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on June 10, 2015.
10.1*	Director Compensation Policy, as amended.	Filed herewith.
10.2*	Form of 2015 Equity Incentive Plan Restricted Stock Award Agreement.	Filed herewith.
10.3*	Global Form of 2015 Equity Incentive Plan Restricted Stock Unit Award Agreement.	Filed herewith.

Exhibit Number	Exhibit Description	Location
10.4*	Global Form of 2015 Equity Incentive Plan Stock Option Agreement.	Filed herewith.
10.5*	Global Form of 2015 Equity Incentive Plan Stock Bonus Award Agreement.	Filed herewith.
10.6*	CTI BioPharma Corp. 2015 Equity Incentive Plan, effective as of September 23, 2015.	Incorporated by reference to Exhibit 4.1 to the Registrant's Form S-8, filed on September 28, 2015.
10.7*	CTI BioPharma Corp. 2007 Employee Stock Purchase Plan, effective as of September 23, 2015.	Incorporated by reference Appendix B to the Registrant's Definitive Proxy Statement on Schedule 14A filed on July 29, 2015.
10.8	Form of Subscription Agreement for Common Stock.	Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on September 29, 2015.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32	Certification of Principal Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101. INS	XBRL Instance	Filed herewith.
101. SCH	XBRL Taxonomy Extension Schema	Filed herewith.
101. CAL	XBRL Taxonomy Extension Calculation	Filed herewith.
101. DEF	XBRL Taxonomy Extension Definition	Filed herewith.
101. LAB	XBRL Taxonomy Extension Labels	Filed herewith.
101. PRE	XBRL Taxonomy Extension Presentation	Filed herewith.

* Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

CTI BIOPHARMA CORP.
(Registrant)

Dated: November 5, 2015

By: /s/ James A. Bianco, M.D.
James A. Bianco, M.D.
President and Chief Executive Officer

Dated: November 5, 2015

By: /s/ Louis A. Bianco
Louis A. Bianco
Executive Vice President,
Finance and Administration

Exhibit 10.1

CTI BIOPHARMA CORP.

DIRECTOR COMPENSATION POLICY

Effective July 27, 2015

Directors of CTI BioPharma Corp., a Washington corporation (the "Company"), who are not employed by the Company or one of its subsidiaries ("non-employee directors") shall be entitled to the compensation set forth below for their service as a member of the Board of Directors (the "Board") of the Company. Except as provided in the next sentence, this policy supersedes all prior policies or provisions of any equity plans concerning compensation of the Company's non-employee directors effective as of the date set forth above. This policy does not, however, modify the terms of any equity or incentive award granted by the Company prior to the date set forth above. The Board has the authority to amend this policy from time to time.

Cash Compensation

Annual Retainer for Board Service

Each non-employee director shall be entitled to an annual cash retainer while serving on the Board in the amount of $40,000 (the "Annual Retainer"). The Company shall pay the Annual Retainer on a semi-annual basis, with half of the Annual Retainer to be paid on each of the first business day of January and the first business day of July.

Annual Retainer for Chairman of the Board Service

A non-employee director who serves as the Chair of the Board shall be entitled to an annual cash retainer while serving in that position in the amount of $75,000 (the "Chair of the Board Retainer"). The Company shall pay the Chair of the Board Retainer on a semi-annual basis, with half of the Chair of the Board Retainer to be paid on each of the first business day of January and the first business day of July.

Board Committee Chair Retainer

A non-employee director who serves as the Chair of the Audit Committee, the Compensation Committee or the Nominating and Corporate Governance Committee shall be entitled to an annual cash retainer while serving in that position in the amount of $12,500 (the "Chair Retainer"). The Company shall pay the Chair Retainer on a semi-annual basis, with half of the Chair Retainer to be paid on each of the first business day of January and the first business day of July.

Board Meeting Attendance Fee

A non-employee director who attends a Board meeting, whether in person or telephonic and regardless of length, will be entitled to a fee in the amount of $2,750 ("Board Meeting Fee") for each such meeting. The Company shall pay the Board Meeting Fee in cash on a quarterly basis in

arrears, with payment for a particular quarter to be made no later than ten business days following the end of that quarter.

Board Committee Meeting Attendance Fee

A non-employee director who attends a Board committee meeting, whether in person or telephonic and regardless of length or whether a meeting is scheduled on the same day as a Board meeting, will be entitled to a fee in the amount of $1,250 ("Committee Meeting Fee") for each such meeting. The Company shall pay the Committee Meeting Fee in cash on a quarterly basis in arrears, with payment for a particular quarter to be made no later than ten business days following the end of that quarter.

Equity Compensation

Initial Equity Award for New Directors

A new non-employee director shall be granted an award of Company restricted stock units ("RSUs") in connection with joining the Board (an "Initial Award"). The number of RSUs covered by an Initial Award will equal $100,000 divided by the closing price of a share of Company common stock on the date of grant of the award, rounded to the nearest whole share. An employee director who ceases to be an employee, but who remains a director, will not receive an Initial Award.

Annual Equity Award for Continuing Board Members

On an annual basis, each non-employee director continuing on the Board shall be granted an award of RSUs (an "Annual Award"). The number of RSUs covered by an Annual Award will equal $100,000 ($125,000 in the case of a continuing non-employee director who is then serving as the Chair of the Board), divided by the closing price of a share of Company common stock on the date of grant of the award, rounded to the nearest whole share.

Provisions Applicable to All Non-Employee Director RSU Awards

The date of grant of each RSU award shall be determined by the Board. Each RSU award shall be granted under the Company's 2007 Equity Incentive Plan, as amended and restated, or any successor equity compensation plan approved by the Company's stockholders and in effect at the time of grant (as applicable, the "Equity Plan"). Each RSU award will be evidenced by and subject to the terms and conditions of the Company's standard form of RSU award agreement as in effect on the date of grant of the award.

Each RSU is payable on a one-for-one basis in a share of Company common stock, subject to vesting. The RSUs subject to a particular non-employee director award will be scheduled to vest on the date that is twelve months after the date of grant of the award or, if earlier, immediately prior to the first annual meeting of the Company's shareholders at which one or more members of the Board are to be elected and that occurs in the calendar year after the calendar year in which the award is granted.

In addition, the RSUs subject to a particular non-employee director's award (as well as any stock options and restricted stock awards granted to the non-employee director under prior versions of this policy), to the extent then outstanding and unvested, shall become fully vested in the event of a Change in Control (as such term is defined in the applicable Equity Plan under which the award was granted or, if not so defined, as defined in the applicable award agreement) that occurs while such non-employee director is a member of the Board.

Expense Reimbursement

All non-employee directors shall be entitled to reimbursement from the Company for their reasonable travel (including airfare and ground transportation), lodging and meal expenses incident to meetings of the Board or committees thereof or in connection with other Board related business. The Company shall also reimburse directors for attendance at director continuing education programs that are relevant to their service on the Board and which attendance is pre-approved by the Chair of the Nominating and Corporate Governance Committee or Chair of the Board. The Company shall make reimbursement to a non-employee director within a reasonable amount of time following submission by the non-employee director of reasonable written substantiation for the expenses (and in all events not later than the end of the year following the year in which the related expense was incurred).

Exhibit 10.2

[Employee, Director and Consultant Form]

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (the "**Award Agreement**") is dated as of **[**_____, 20__**]** (the "**Grant Date**") by and between CTI BioPharma Corp., a Washington corporation (the "**Corporation**"), and **[**_____**]** (the "**Participant**").

W I T N E S S E T H

WHEREAS, pursuant to and under the CTI BioPharma Corp. 2015 Equity Incentive Plan (the "**Plan**"), the Corporation desires to grant to the Participant, effective as of the date hereof, a restricted stock award (the "**Award**"), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. Grant. According to and subject to the terms and conditions of this Award Agreement and the Plan, the Corporation hereby grants to the Participant an Award with respect to an aggregate of **[**_____**]** restricted shares of Common Stock of the Corporation (the "**Restricted Shares**"). A copy of the Plan is publicly available and has been filed with the Securities and Exchange Commission and will be furnished to the Participant upon the Participant's request.

3. Vesting; Forfeiture.

(a) Vesting. Subject to the Sections 3(c) and (d) below, the Award shall vest and become nonforfeitable with respect to **[**_____**]** percent of the total number of Restricted Shares subject to the Award (subject to adjustment under Section 7.1 of the Plan) on each of **[**_____**]**; provided, however, if the Participant is a member of the Board (a "**Director**") and a Change in Control occurs, any Restricted Shares that are outstanding and unvested immediately prior to the Change in Control shall accelerate and become vested upon (or, to the extent necessary to give effect to the acceleration, immediately prior to) the Change in Control.

(b) Change in Control. For purposes of this Award Agreement, a "**Change in Control**" shall be deemed to have occurred as of the first day, after the date of grant of the particular award, that any one or more of the following conditions shall have been satisfied:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "**Person**")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then-outstanding shares of common stock of the Corporation (the "**Outstanding Company Common Stock**") or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that, for purposes of this clause (a), the following acquisitions shall not constitute a Change in Control; (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any affiliate of the Corporation or a successor, or (D) any acquisition by any entity pursuant to a transaction that complies with Sections 3(b)(iii)(1), (2) and (3) below;

(ii) Individuals who, as of the Grant Date, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Grant Date whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a "**Business Combination**"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business

Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets directly or through one or more subsidiaries (a "**Parent**")) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, 50% or more of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership of 50% or more existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or a Parent were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation other than in the context of a transaction that does not constitute a Change in Control under clause (iii) above.

(c) Termination of Service. Notwithstanding any other provision herein, upon the date on which the Participant has a Termination of Service (regardless of the reason for such Termination of Service, whether with or without cause, voluntarily or involuntarily, or due to death or disability) (the "**Termination Date**"), the Participant's Restricted Shares (and related Restricted Property as defined in Section 8 hereof), to the extent such shares of Common Stock have not become vested pursuant to Section 3(a) above, as of the Termination Date, shall be forfeited to the Corporation as provided in Section 3(d) below, upon the Termination Date; provided, however, that if the Participant is a U.S. employee and is entitled to any accelerated vesting of the Restricted Shares in connection with such Termination of Service pursuant to the express provisions of any employment agreement, service agreement, severance agreement or similar agreement between the Participant and the Corporation or any of its Subsidiaries then in effect (a "**Service Agreement**"), such accelerated vesting provisions shall apply.

For purposes of this Award Agreement, "**Termination of Service**" means (a) in the case of an employee, a cessation of the employee-employer relationship between the employee and the Corporation or one of its Subsidiaries for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability or the disaffiliation of a Subsidiary, but excluding any such termination where there is a simultaneous reemployment by the Corporation or one of its Subsidiaries; (b) in the case of a consultant, a cessation of the service relationship between the consultant and the Corporation or one of its Subsidiaries for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability, or the disaffiliation of a Subsidiary, but excluding any such termination where there is a simultaneous re-engagement of the consultant by the Corporation or one of its Subsidiaries; and (c) in the case of a Director, a cessation of the Director's service on the Board for any

reason, including, but not by way of limitation, a termination by resignation, death, disability or non-reelection to the Board. The determination of whether a Termination of Service has occurred shall be made by the Administrator, in its sole discretion, in accordance with the terms of the Plan including, without limitation, Section 6 of the Plan.

Unless otherwise expressly provided by the Corporation, in the event that: (1) the Participant is, on the Grant Date, both an employee of the Corporation or one of its Subsidiaries and a Director, the determination of whether a Termination of Service has occurred with respect to the Participant shall be determined by reference to the date on which the Participant is no longer an employee of the Corporation or one of its Subsidiaries; and (2) in the event the Participant is, on the Grant Date, not an employee of the Corporation or one of its Subsidiaries and is both a Director and a consultant, the determination of whether a Termination of Service has occurred with respect to the Participant shall be determined by reference to the date on which the Participant is no longer a Director.

(d) Forfeiture Procedures. Upon the occurrence of any forfeiture of Restricted Shares pursuant to Section 3(c) above, such unvested, forfeited Restricted Shares and related Restricted Property shall be automatically transferred to the Corporation as of the applicable forfeiture date without any other action by the Participant (or the Participant's beneficiary or personal representative in the event of the Participant's death or disability, as applicable). No consideration shall be paid by the Corporation with respect to such transfer. The Corporation may exercise its powers under Section 7(d) hereof and take any other action necessary or advisable to evidence such transfer. The Participant (or the Participant's beneficiary or personal representative in the event of the Participant's death or disability, as applicable) shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such unvested, forfeited Restricted Shares and related Restricted Property to the Corporation.

4. Continuance of Employment/Service Required; No Employment/Service Commitment. The Participant must remain employed by, or continue to provide services to, the Corporation or any Subsidiary through each applicable vesting date in order to vest in the Restricted Shares. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a Termination of Service as provided in Section 3 above or under the Plan.

The Restricted Shares and the Participant's participation in the Plan shall not create a right to continued employment or service with the Corporation or any Subsidiary nor shall it create a right to employment or be interpreted as forming an employment or services contract with the Corporation or any Subsidiary and shall not interfere with the ability of the Corporation or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any) or affect the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation. Nothing in this Award Agreement, however, is intended to adversely affect any contractual right(s) of the Participant, independent of the Award and this Award Agreement, between the Participant and Corporation or any Subsidiary without his or her consent thereto.

5. Dividend and Voting Rights. After the Grant Date, the Participant shall be entitled to cash dividends and voting rights with respect to the Restricted Shares; provided, however, that

such rights shall terminate immediately as to any Restricted Shares that are forfeited pursuant to Section 3 above; and provided, further, that the Participant agrees that promptly following any such forfeiture of Restricted Shares, the Participant will make a cash payment to the Corporation equal to the amount of any cash dividends received by the Participant in respect of any such unvested, forfeited Restricted Shares. To the extent the Restricted Shares are forfeited after the record date and before the payment date for a particular dividend, the Participant shall, promptly after the dividend is paid, make a cash payment to the Corporation equal to the amount of any such cash dividend received by the Participant in respect of such forfeited Restricted Shares.

6. Restrictions on Transfer. Prior to the time that they have become vested pursuant to Section 3 hereof, neither the Restricted Shares, nor any interest therein, amount payable in respect thereof, or Restricted Property (as defined in Section 8 hereof) shall be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge, either voluntarily or involuntarily. The transfer restrictions of this Section 6 shall not apply to (a) transfers to the Corporation, or (b) transfers by will or the laws of descent and distribution.

7. Stock Certificates. The Corporation shall issue the Restricted Shares subject to the Award either: (a) in book entry form; or (b) in certificate form, as follows:

(a) Book Entry Form. Registered in the name of the Participant with notations regarding the applicable restrictions on transfer imposed under this Award Agreement.

(b) Certificates to be Held by Corporation; Legend. Any certificates representing the Restricted Shares that may be delivered to the Participant by the Corporation prior to vesting shall be redelivered to the Corporation to be held by the Corporation until the restrictions on such Restricted Shares lapse and the Restricted Shares vest or the Restricted Shares represented thereby have been forfeited hereunder. Such certificates shall bear the following legend and any other legends the Corporation may determine to be necessary or advisable to comply with all applicable laws, rules, and regulations:

> *"The ownership of this certificate and the shares of common stock evidenced hereby and any interest therein are subject to substantial restrictions on transfer under an Agreement entered into between the registered owner and CTI BioPharma Corp. A copy of such Agreement is on file in the office of the Secretary of CTI BioPharma Corp."*

(c) Delivery of Certificates Upon Vesting. Promptly after the vesting of any shares of Restricted Shares pursuant to Section 3 hereof and the satisfaction of any and all related Tax-Related Items pursuant to Section 9, the Corporation shall, as applicable, either remove the notations on any Restricted Shares issued in book entry form which have vested or deliver to the Participant a certificate or certificates without any vesting restriction legend(s) evidencing the number of Restricted Shares which have vested (or, in either case, such lesser number of Restricted Shares as may result after giving effect to Section 9). The Participant (or the beneficiary or personal representative of the Participant in the event of the Participant's death or disability, as the case may be) shall deliver to the Corporation any representations or other documents or assurances as the Corporation or its counsel may determine to be necessary or advisable in order to ensure compliance with all applicable laws, rules, and regulations with

respect to the grant of the Award and the delivery of shares of Common Stock ("**Shares**") in respect thereof. The Shares so delivered shall no longer be Restricted Shares.

(d) Stock Power; Power of Attorney. Concurrently with the execution and delivery of this Award Agreement, the Participant shall deliver to the Corporation an executed stock power in the form attached hereto as Exhibit A, in blank, with respect to the Restricted Shares. The Corporation shall not deliver any share certificates, or the electronic equivalent, in accordance with this Award Agreement unless and until the Corporation shall have received such stock power executed by the Participant. The Participant, by acceptance of the Award, shall be deemed to appoint, and does so appoint by execution of this Award Agreement, the Corporation and each of its authorized representatives as the Participant's attorney(s)-in-fact to effect any transfer of unvested forfeited Shares (or shares otherwise reacquired by the Corporation hereunder) to the Corporation as may be required pursuant to the Plan or this Award Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

8. Adjustments upon Specified Events. Upon the occurrence of certain events relating to the Corporation's common stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number and kind of securities that may become vested under the Award. If any adjustment is made under Section 7.1 of the Plan and the Restricted Shares are not fully vested upon such event or prior thereto, the restrictions applicable to such Restricted Shares shall continue in effect with respect to any consideration, property or other securities (the "**Restricted Property**" and, for the purposes of this Award Agreement, "Restricted Shares" shall include "Restricted Property", unless the context otherwise requires) received in respect of such Restricted Shares. Such Restricted Property shall vest at such times and in such proportion as the Restricted Shares to which the Restricted Property is attributable vest, or would have vested pursuant to the terms hereof if such Restricted Shares had remained outstanding. To the extent that the Restricted Property includes any cash (other than regular cash dividends), such cash shall be invested, pursuant to policies established by the Administrator, in interest bearing, Federal Deposit Insurance Corporation insured (subject to applicable insurance limits) deposits of a depository institution selected by the Administrator, the earnings on which shall be added to and become a part of the Restricted Property.

9. Tax Withholding. The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Subsidiary employing or retaining the Participant, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("**Tax-Related Items**"), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation or the Subsidiary employing or retaining the Participant. The Participant further acknowledges that the Corporation and/or the Subsidiary employing or retaining the Participant (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Shares, including, but not limited to, the grant, vesting or release of the Restricted Shares, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Shares to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result except as

otherwise provided in the Award Agreement or any other agreement with the Participant. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Corporation and/or the Subsidiary employing or retaining the Participant (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Subsidiary employing or retaining the Participant to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Corporation and/or the Subsidiary employing or retaining the Participant, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from the Participant's wages or other cash compensation payable to the Participant by the Corporation and/or the Subsidiary employing or retaining the Participant; or

(b) withholding from proceeds of the sale of Shares released upon vesting of the Restricted Shares either through:

- a voluntary sale by the Participant by providing irrevocable instructions to the broker designated by the Participant to remit funds required to satisfy all or a portion of the Tax-Related Items to the Corporation and/or the Subsidiary employing or retaining the Participant; or

- through a mandatory sale arranged by the Corporation on the Participant's behalf pursuant to this authorization (without further consent); or

(c) withholding of Shares to be issued upon settlement of the Restricted Shares if permitted by the Corporation, in its sole discretion. The withholding of Shares shall be subject to such rules and procedures as the Administrator may impose, and shall not be available if the Participant makes or has made an election pursuant to Section 83(b) of the Code with respect to such Award.

Depending on the withholding method, the Corporation and/or the Subsidiary employing or retaining the Participant may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the common stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, in no event will Shares be withheld in excess of the applicable minimum statutory withholding rate. Further, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the Restricted Shares, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant agrees to pay to the Corporation or the Subsidiary employing or retaining the Participant, including through a payment in cash or check, any amount of Tax-Related Items that the Corporation or the Subsidiary employing or retaining the Participant may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Corporation may refuse to deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

10. Nature of Grant. In accepting the Award of the Restricted Shares, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Corporation, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by the Plan;

(b) the Award of the Restricted Shares is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

(c) all decisions with respect to future awards or other grants, if any, will be at the sole discretion of the Corporation;

(d) the Participant is voluntarily participating in the Plan;

(e) the Restricted Shares and the Shares subject to the Restricted Shares are not intended to replace any pension rights or compensation;

(f) the Restricted Shares and the Shares subject to the Restricted Shares, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the Shares is unknown, indeterminable and cannot be predicted with certainty;

(h) unless otherwise provided in the Plan or by the Corporation in its sole discretion, the Restricted Shares and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Shares or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Corporation's Shares; and

(i) the Participant acknowledges and agrees that neither the Corporation nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Restricted Shares or of any amounts due to the Participant pursuant to the vesting of the Restricted Shares or subsequent sale of Shares acquired under the Plan.

11. No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Restricted Shares (including, without

limitation, to determine the federal, foreign, state, local, estate and/or gift tax consequences with respect to the Award) or to his or her participation in the Plan. Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement) or recommendation with respect to the Award or the Participant's participation in the Plan.

12. Data Privacy. ***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Corporation, the Participant's employer and any Subsidiaries ("Data") for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Corporation, the Participant's employer or any Subsidiary retaining the Participant may hold certain personal information about Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Common Stock or directorships held in the Corporation, details of all Restricted Shares or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The Participant understands that Data may be transferred to E*Trade Financial Services, Inc. or any other possible recipients which may be assisting the Corporation (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that, if he or she resides outside the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's employer's human resources representative or the Subsidiary retaining the Participant. The Participant authorizes the Corporation, E*Trade Financial Services, Inc. and any other possible recipients which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that, if he or she resides outside the United States, the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's employer's human resources representative or the Subsidiary retaining the Participant. Further, the Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Participant's employer or the Subsidiary retaining the Participant will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Corporation may not be able to grant Restricted Shares to the Participant or administer or maintain such Restricted Shares. Therefore, Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the***

consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's employer's human resources representative or the Subsidiary retaining the Participant.

13. Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and the Participant's country of residence (if different), which may affect his or her ability to acquire or sell Shares or rights to Shares (*e.g.*, Restricted Shares) under the Plan during such times as the Participant is considered to have "inside information" regarding the Corporation (as defined by the laws in the applicable jurisdictions, including the United States and the Participant's country of residence). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Corporation insider trading policy. The Participant is responsible for ensuring compliance with any applicable restrictions and is advised to consult his or her personal legal advisor on this matter.

14. Notices. Any notice to be given under the terms of this Award Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the Participant's address last reflected on the Corporation's payroll records or at such other address as either party may hereafter designate in writing to the other. Any notice shall be delivered in person or shall be enclosed in a properly sealed envelope, addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government or any equivalent non-United States postal office. Any such notice shall be given only when received, but if the Participant is no longer employed by or providing services to the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 14.

15. Plan. The Award and all rights of the Participant under this Award Agreement are subject to the terms and conditions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Agreement. Unless otherwise expressly provided in other sections of this Award Agreement, provisions of the Plan that confer discretionary authority on the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Administrator so conferred by appropriate action of the Administrator under the Plan after the date hereof.

16. Entire Agreement. This Award Agreement and the Plan (and, if the Participant is a U.S. employee, any Service Agreement as to any accelerated vesting right as contemplated by Section 3(c), but only as to such an accelerated vesting right) constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. In the event of any conflict between this Award Agreement, the Plan and Service Agreement (if any) in effect, the terms of the Plan shall control.

The Plan may be amended, suspended or terminated pursuant to Section 8.6 of the Plan. This Award Agreement may be amended by the Administrator from time to time, provided that any such amendment must be in writing and signed by the Corporation. Except as otherwise

provided in the Plan, any such amendment that materially and adversely affects the Participant's rights under this Award Agreement requires the consent of the Participant in order to be effective with respect to the Restricted Shares, provided that such consent shall not be required if the Administrator determines, in its sole and absolute discretion, that the amendment is required or advisable in order for the Corporation, the Plan or this Award to satisfy applicable law, to meet the requirements of any accounting standard or to avoid any adverse accounting treatment. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

17. Counterparts. This Award Agreement may be executed simultaneously in any number of counterparts, including through electronic transmission, each of which counterparts shall be deemed an original but all of which together shall constitute one and the same instrument.

18. Section Headings. The section headings of this Award Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

19. Governing Law; Venue. This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington without regard to conflict of law principles thereunder. For purposes of litigating any dispute that arises under this grant or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Washington, and agree that such litigation shall be conducted in the courts of King County, Washington, or the federal courts for the United States for the Western District of Washington, where this grant is made and/or to be performed.

20. Clawback Policy. The Restricted Shares are subject to the terms of any recoupment, clawback or similar policies of the Corporation as may be in effect from time to time, as well as any similar provisions of applicable law (in each case, without regard to whether any such policy or applicable law was implemented or promulgated, as applicable, after the date the Restricted Shares were granted), any of which could in certain circumstances require repayment or forfeiture of the Restricted Shares or other cash or property received with respect to the Restricted Shares (including any value received from a disposition of the Shares).

21. Electronic Delivery and Acceptance. The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

22. Severability. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

23. Imposition of Other Requirements. Subject to Section 16 of this Award Agreement, the Corporation reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Shares and on any Shares acquired under the Plan, to the extent the Corporation determines it is necessary or advisable for legal or administrative

reasons and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. Effect of this Agreement. Subject to the Corporation's right to terminate the Restricted Shares pursuant to Section 8.6 of the Plan, this Award Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

***

CTI BIOPHARMA CORP.,
a Washington corporation

By: _____

[Name], [Title]

PARTICIPANT

_____

Signature

_____

Print Name

EXHIBIT A

STOCK POWER

FOR VALUE RECEIVED and pursuant to that certain Restricted Stock Award Agreement between CTI BioPharma Corp., a Washington corporation (the "**Corporation**"), and the individual named below (the "**Individual**") dated as of _____, 20__, the Individual hereby sells, assigns and transfers to the Corporation, an aggregate _____ shares of Common Stock of the Corporation, standing in the Individual's name on the books of the Corporation and represented by book entry or stock certificate number(s) _____ to which this instrument is attached, and hereby irrevocably constitutes and appoints _____ _____ as his or her attorney in fact and agent to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Dated: _____, _____

_____
Signature

_____
Print Name

(Instruction: Please do not fill in any blanks other than the signature line. The purpose of the assignment is to enable the Corporation to exercise its sale/purchase option set forth in the Restricted Stock Award Agreement without requiring additional signatures on the part of the Individual.

Exhibit 10.3

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT
(GLOBAL FORM)

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT, including any country-specific appendices attached hereto, (collectively the "**Award Agreement**") is dated as of **[**_____, 20__**]** (the "**Grant Date**") by and between CTI BioPharma Corp., a Washington corporation (the "**Corporation**"), and **[**_____**]** (the "**Participant**").

W I T N E S S E T H

WHEREAS, pursuant to the CTI BioPharma Corp. 2015 Equity Incentive Plan (the "**Plan**"), the Corporation desires to grant to the Participant, effective as of the date hereof, RSUs (defined below), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. **Defined Terms**. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. **Grant**. According to and subject to the terms and conditions of this Award Agreement and the Plan, which is incorporated herein by reference, the Corporation hereby grants to the Participant an award with respect to **[**_____**]** restricted stock units (the "**RSUs**"), each of which represents an unfunded and unsecured obligation to issue the Participant one share of Common Stock ("**Share**") for each RSU, upon vesting of such RSU. A copy of the Plan is publicly available and has been filed with the Securities and Exchange Commission and will be furnished to the Participant upon the Participant's request. The number of RSUs covered by the Award are subject to adjustment under Section 7.1 of the Plan.

3. **Vesting; Settlement; Forfeiture**.

(a) Vesting; Settlement. Subject to Sections 3(c), and 4 below, the RSUs shall vest in equal installments of **[**_____**]** percent (subject to adjustment under Section 7.1 of the Plan) on the following vesting dates [insert vesting schedule]; provided, however, if the Participant is a member of the Board (a "**Director**") and a Change in Control occurs, any RSUs that are outstanding and unvested immediately prior to the Change in Control shall accelerate and become vested upon (or, to the extent necessary to give effect to the acceleration, immediately prior to) the Change in Control. As soon as practicable after each applicable vesting date and the satisfaction of any and all Tax-Related Items (as defined in Section 6 below) (and in any event by March 15 of the calendar year following the calendar year in which the RSUs vest in order to exempt the RSUs from Section 409A of the Code), the Corporation shall deliver to the Participant a certificate or certificates (which may be in book entry form) evidencing the number of Shares underlying the vested RSUs.

(b) Change in Control. For purposes of this Award Agreement, a "**Change in Control**" shall be deemed to have occurred as of the first day, after the date of grant of the particular award, that any one or more of the following conditions shall have been satisfied:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "**Person**")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then-outstanding shares of common stock of the Corporation (the "**Outstanding Company Common Stock**") or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that, for purposes of this clause (a), the following acquisitions shall not constitute a Change in Control; (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any affiliate of the Corporation or a successor, or (D) any acquisition by any entity pursuant to a transaction that complies with Sections 3(b)(iii)(1), (2) and (3) below;

(ii) Individuals who, as of the Grant Date, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Grant Date whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a "**Business Combination**"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or

substantially all of the Corporation's assets directly or through one or more subsidiaries (a "**Parent**")) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, 50% or more of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership of 50% or more existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or a Parent were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation other than in the context of a transaction that does not constitute a Change in Control under clause (iii) above.

(c) Termination of Service. Notwithstanding any other provision herein, upon the date on which the Participant has a Termination of Service (regardless of the reason for such Termination of Service, whether with or without cause, voluntarily or involuntarily, or due to death or disability) (the "**Termination Date**"), the Participant's RSUs and the underlying Shares that have not become vested pursuant to Section 3(a) as of the Termination Date shall be forfeited and the Participant shall have no rights to the unvested RSUs or any underlying Shares; provided, however, that if the Participant is a U.S. employee and is entitled to any accelerated vesting of the RSUs in connection with such Termination of Service pursuant to the express provisions of any employment agreement, service agreement, severance agreement or similar agreement between the Participant and the Corporation or any of its Subsidiaries then in effect (a "**Service Agreement**"), such accelerated vesting provisions shall apply.

For purposes of this Award Agreement, "**Termination of Service**" means (a) in the case of an employee, a cessation of the employee-employer relationship between the employee and the Corporation or one of its Subsidiaries for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability or the disaffiliation of a Subsidiary, but excluding any such termination where there is a simultaneous reemployment by the Corporation or one of its Subsidiaries; (b) in the case of a consultant, a cessation of the service relationship between the consultant and the Corporation or one of its Subsidiaries for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability, or the disaffiliation of a Subsidiary, but excluding any such termination where there is a simultaneous re-engagement of the consultant by the Corporation or one of its Subsidiaries; and (c) in the case of a Director, a cessation of the Director's service on the Board for any reason, including, but not by way of limitation, a termination by resignation, death, disability or non-reelection to the Board. The determination of whether a Termination of Service has occurred shall be made by the Administrator, in its sole discretion, in accordance with Section

409A of the Code if the Participant is subject to taxation in the U.S. and the terms of the Plan including, without limitation, Section 6 of the Plan.

Unless otherwise expressly provided by the Corporation, in the event that: (1) the Participant is, on the Grant Date, both an employee of the Corporation or one of its Subsidiaries and a Director, the determination of whether a Termination of Service has occurred with respect to the Participant shall be determined by reference to the date on which the Participant is no longer an employee of the Corporation or one of its Subsidiaries; and (2) in the event the Participant is, on the Grant Date, not an employee of the Corporation or one of its Subsidiaries and is both a Director and a consultant, the determination of whether a Termination of Service has occurred with respect to the Participant shall be determined by reference to the date on which the Participant is no longer a Director.

4. **Continuance of Employment/Service Required; No Employment/Service Commitment**. The Participant must remain employed by, or continue to provide services to, the Corporation or any Subsidiary through each applicable vesting date of the RSUs in order to vest in the RSUs. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a Termination of Service as provided in Section 3 above or under the Plan.

The RSUs and the Participant's participation in the Plan shall not create a right to continued employment or service with the Corporation or any Subsidiary nor shall it create a right to employment or be interpreted as forming an employment or services contract with the Corporation or any Subsidiary and shall not interfere with the ability of the Corporation or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any) or affect the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation. Nothing in this Award Agreement, however, is intended to adversely affect any contractual right(s) of the Participant, independent of the RSUs and this Award Agreement, between the Participant and Corporation or any Subsidiary without his or her consent thereto.

5. **Restrictions on Transfer**. Prior to the time that they have become vested pursuant to Section 3 hereof, neither the RSUs, nor any interest therein may be sold, transferred, anticipated, alienated, assigned, pledged, encumbrance or charged, either voluntarily or involuntarily. The transfer restrictions of this Section 5 shall not apply to transfers by will or the laws of descent and distribution.

6. **Tax Withholding**. The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Subsidiary employing or retaining the Participant, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("**Tax-Related Items**"), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation or the Subsidiary employing or retaining the Participant. The Participant further acknowledges that the Corporation and/or the Subsidiary employing or retaining the Participant (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection

with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result, except as otherwise expressly provided in the Award Agreement or any other agreement with the Participant. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Corporation and/or the Subsidiary employing or retaining the Participant (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Subsidiary employing or retaining the Participant to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Corporation and/or the Subsidiary employing or retaining the Participant, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from the Participant's wages or other cash compensation payable to the Participant by the Corporation and/or the Subsidiary employing or retaining the Participant; or

(b) withholding from proceeds of the sale of Shares acquired upon vesting/settlement of the RSUs either through:

- a voluntary sale by the Participant by providing irrevocable instructions to the Corporation's designated broker to remit funds required to satisfy all or a portion of the Tax-Related Items to the Corporation and/or the Subsidiary employing or retaining the Participant; or

- through a mandatory sale arranged by the Corporation on the Participant's behalf pursuant to this authorization (without further consent); or

(c) withholding of Shares to be issued upon settlement of the RSUs if permitted by the Corporation, in its sole discretion.

Depending on the withholding method, the Corporation and/or the Subsidiary employing or retaining the Participant may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, in no event will Shares be withheld in excess of the applicable minimum statutory withholding rate. Further, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant agrees to pay to the Corporation or the Subsidiary employing or retaining the Participant, including payment by cash or check, any amount of Tax-Related Items that the Corporation or the Subsidiary employing or retaining the Participant may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Corporation may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

7. **Nature of Grant**. In accepting the grant of the RSUs, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Corporation, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future awards or other grants, if any, will be at the sole discretion of the Corporation;

(d) the Participant is voluntarily participating in the Plan;

(e) the RSUs and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

(f) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(h) for purposes of the RSUs, unless otherwise expressly provided in this Award Agreement or determined by the Corporation, the Participant's right to vest in the RSUs under the Plan, if any, will terminate as of the Termination Date and will not be extended by any notice period (e.g., the Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or providing services or the terms of the Participant's employment or service agreement, if any); the Administrator shall have the exclusive discretion to determine the Termination Date (including whether the Participant may still be considered to be providing services while on a leave of absence);

(i) unless otherwise provided in the Plan or by the Corporation in its discretion, the RSUs and the benefits evidenced by this Award Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Corporation's Shares; and

(j) the following provisions apply if the Participant is providing services outside the United States:

(i) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and

(ii) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of the Participant's active service (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services or the terms of the Participant's employment or service agreement, if any), and in consideration of the grant of the RSUs to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Corporation or any Subsidiary, waives his or her ability, if any, to bring any such claim, and releases the Corporation and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(iii) the Participant acknowledges and agrees that neither the Corporation nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.00

8. **No Advice Regarding Grant**. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the RSUs (including, without limitation, to determine the tax consequences with respect to the RSUs and any Shares that may be acquired upon settlement of the RSUs) or to his or her participation in the Plan. Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement) or recommendation with respect to the RSUs or the Participant's participation in the Plan.

9. **Data Privacy**. ***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Corporation, the Participant's employer and any Subsidiaries ("Data") for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Corporation, the Participant's employer or any Subsidiary retaining the Participant may hold certain personal information about Participant, including, but not limited to, the Participant's***

name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Corporation, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The Participant understands that Data may be transferred to E*Trade Financial Services, Inc. or any other possible recipients, which may be assisting the Corporation (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that if he or she resides outside the United States that the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's employer's human resources representative or the Subsidiary retaining the Participant. The Participant authorizes the Corporation, E*Trade Financial Services, Inc. and any other possible recipients which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that if he or she resides outside the United States, the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative or the Subsidiary retaining the Participant. Further, the Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Participant's employer or the Subsidiary retaining the Participant will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Corporation may not be able to grant RSUs to the Participant or administer or maintain such RSUs. Therefore, Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's employer's human resources representative or the Subsidiary retaining the Participant.

10. **Insider Trading Restrictions/Market Abuse Laws**. The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and the Participant's country of residence (if different), which may affect his or her ability to acquire or sell Shares or rights to Shares (*e.g.*, RSUs) under the Plan during such times as the Participant is considered to have "inside information" regarding the Corporation (as defined by the laws in the applicable jurisdictions, including the United States and the Participant's country of residence). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Corporation insider trading policy. The Participant is

responsible for ensuring compliance with any applicable restrictions and is advised to consult his or her personal legal advisor on this matter.

11. **Notices**. Any notice to be given under the terms of this Award Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the Participant's address last reflected on the Corporation's payroll records or at such other address as either party may hereafter designate in writing to the other. Any notice shall be delivered in person or shall be enclosed in a properly sealed envelope, addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government or any equivalent non-United States postal office. Any such notice shall be given only when received, but if the Participant is no longer employed by or providing services to the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 11.

12. **Plan**. The RSUs and all rights of the Participant under this Award Agreement are subject to the terms and conditions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Agreement. Unless otherwise expressly provided in other sections of this Award Agreement, provisions of the Plan that confer discretionary authority on the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Administrator so conferred by appropriate action of the Administrator under the Plan after the date hereof.

13. **Entire Agreement**. This Award Agreement and the Plan (and, if the Participant is a U.S. employee, any Service Agreement as to any accelerated vesting right as contemplated by Section 3(c), but only as to such an accelerated vesting right) constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. In the event of any conflict between this Award Agreement, the Plan and Service Agreement (if any) in effect, the terms of the Plan shall control.

The Plan may be amended, suspended or terminated pursuant to Section 8.6 of the Plan. This Award Agreement may be amended by the Administrator from time to time, provided that any such amendment must be in writing and signed by the Corporation. Except as otherwise provided in the Plan, any such amendment that materially and adversely affects the Participant's rights under this Award Agreement requires the consent of the Participant in order to be effective with respect to the RSUs, provided that such consent shall not be required if the Administrator determines, in its sole and absolute discretion, that the amendment is required or advisable in order for the Corporation, the Plan or this Award to satisfy applicable law, to meet the requirements of any accounting standard or to avoid any adverse accounting treatment. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

14. **Counterparts**. This Award Agreement may be executed simultaneously in any number of counterparts, including through electronic transmission, each of which counterparts shall be deemed an original but all of which together shall constitute one and the same instrument.

15. **Section Headings**. The section headings of this Award Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

16. **Governing Law; Venue**. This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington without regard to conflict of law principles thereunder. For purposes of litigating any dispute that arises under this grant or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Washington, and agree that such litigation shall be conducted in the courts of King County, Washington, or the federal courts for the United States for the Western District of Washington, where this grant is made and/or to be performed.

17. **Clawback Policy**. The RSUs are subject to the terms of any recoupment, clawback or similar policies of the Corporation as may be in effect from time to time, as well as any similar provisions of applicable law (in each case, without regard to whether any such policy or applicable law was implemented or promulgated, as applicable, after the date the RSUs were granted), any of which could in certain circumstances require repayment or forfeiture of the RSUs or other cash or property received with respect to the RSUs (including any value received from a disposition of the Shares underlying the RSUs).

18. **Language**. If the Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

19. **Electronic Delivery and Acceptance**. The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

20. **Severability**. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

21. **Appendices**. Notwithstanding any provisions in this Award Agreement, the RSUs grant shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Participant's country. Moreover, if the Participant relocates to any other country, special terms and conditions for such country will apply to the Participant (including, to the extent that an Appendix hereto pertains to the country to which the Participant relocates, those specified in such applicable Appendix), to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendices constitute part of this Award Agreement.

22. **Imposition of Other Requirements**. Subject to Section 13 of this Agreement, the Corporation reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. **Effect of this Agreement.** Subject to the Corporation's right to terminate the RSU pursuant to Section 8.6 of the Plan, this Award Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

CTI BIOPHARMA CORP.,
a Washington corporation

By: _____

[Name]
[Title]

PARTICIPANT

_____
Signature

_____
Print Name

APPENDIX A

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

COUNTRY-SPECIFIC TERMS AND CONDITIONS FOR EMPLOYEES

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Plan and the Restricted Stock Unit Agreement.

Terms and Conditions

This Appendix A includes additional terms and conditions for employees that govern the RSUs if the Participant resides and/or works in one of the countries listed below. If the Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which the Participant is currently residing and/or working or if the Participant moves to another country after receiving the grant of the RSUs, the Corporation will, in its sole discretion, determine the extent to which the terms and conditions herein will be applicable to the Participant.

Notifications

This Appendix A also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2015. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that the Participant not rely on the information in this Appendix A as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the RSUs vest or the Participant sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation and the Corporation is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently residing and/or working (or if the Participant is considered as such for local law purposes) or if the Participant moves to another country after receiving the grant of the RSUs, the information contained herein may not be applicable to the Participant in the same manner.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the RSUs, the Participant acknowledges that the Participant has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix A, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix A. The Participant further acknowledges that the Participant has read and specifically and expressly approves the following provisions of the Award Agreement: Section 2 (Grant); Section 3 (Vesting; Settlement; Forfeiture); Section 4 (Continuance of Employment/Service Required; No Employment/Service Commitment); Section 5 (Restrictions on Transfer); Section 6 (Tax Withholding); Section 7 (Nature of Grant); Section 10 (Insider Trading Restrictions/Market Abuse Laws); Section 16 (Governing Law; Venue); Section 17 (Clawback Policy); Section 18 (Language); Section 19 (Electronic Delivery and Acceptance); Section 20 (Severability); Section 21 (Appendices); Section 22 (Imposition of Other Requirements); and the Data Privacy provision below in this Appendix A.

Data Privacy. ***This provision replaces in its entirety, Section 9 (Data Privacy) of the Award Agreement:***

The Participant understands that the Corporation or the Participant's employer ("Employer") may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all RSUs or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant is aware that providing the Corporation with the Participant's Data is necessary for the performance of the Award Agreement and that the Participant's refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The "Controller" of personal data processing is CTI BioPharma Corp., 3101 Western Ave., Seattle, WA 98121, USA; its representative in Italy is currently the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy. The Participant understands that the Data may be transferred to the Corporation or its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to E*Trade Financial Services, Inc. or other third party with whom Shares acquired upon settlement of RSUs may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of

contractual obligations related to the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that pursuant to art.7 of D.lgs 196/2003, the Participant has the right, including but not limited to, access, delete, update, request the rectification of the Participant's Data and cease, for legitimate reasons, the Data processing. Furthermore, the Participant is aware that the Participant's Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy.

Notifications

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident and holds investments or financial assets outside of Italy (*e.g.*, Shares received upon settlement of RSUs) during any fiscal year which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on the Participant's annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

UNITED KINGDOM

Terms and Conditions

RSUs Payable Only in Shares. Notwithstanding anything contrary in the Plan or Section 2 of the Award Agreement, the grant of the RSUs does not provide any right for the Participant to receive a cash payment, and the RSUs are payable in Shares only.

Tax Obligations. This provision supplements Section 6 (Tax Withholding) of the Award Agreement:

If payment or withholding of the income tax due is not made within ninety (90) days of the end of the U.K. tax year (April 6- April 5) in which the event giving rise to the liability occurs or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "**Due Date**"), the amount of any uncollected income tax will constitute a loan owed by the Participant to the Participant's employer (the "**Employer**"), effective on the Due Date. The Participant agrees that the loan will bear interest at the then-current Official Rate of Her Majesty's Revenue and Customs ("**HMRC**"), it will be immediately due and repayable,

and the Corporation or the Employer may recover it at any time thereafter by any of the means referred to in Section 6 of the Award Agreement.

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Corporation (within the meaning of Section 13(k) of the 1934 Act), he or she will not be eligible for such a loan to cover the income tax due as described above. In the event that the Participant is such a director or executive officer and the income tax is not collected from or paid by the Participant by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions may be payable. The Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime. The Participant is responsible for reimbursing the Corporation or the Employer for the value of any national insurance contribution due on this additional benefit and acknowledges that the Corporation or the Employer may recover such amount from him or her by any of the means referred to in Section 6 of the Award Agreement.

Joint Election. As a condition of the Participant's participation in the Plan, the Participant agrees to accept any liability for secondary Class 1 national insurance contributions which may be payable by the Corporation and/or the Employer in connection with the RSUs and any event giving rise to Tax-Related Items (the "**Employer's NICs**"). Without limitation to the foregoing, the Participant agrees to enter into a joint election with the Corporation (the "**Joint Election**"), the form of such Joint Election being formally approved by HMRC, and to execute any other consents or elections required to accomplish the transfer of the Employer's NICs to the Participant. The Participant further agrees to execute such other joint elections as may be required between the Participant and any successor to the Corporation and/or the Employer. The Participant further agrees that the Corporation and/or the Employer may collect the Employer's NICs from him or her by any of the means set forth in Section 6 of the Award Agreement.

If the Participant does not enter into a Joint Election, or if approval of the Joint Election has been withdrawn by HMRC or if such Joint Election is jointly revoked by the Participant and the Corporation or the Employer, as applicable, the Corporation, in its sole discretion and without any liability to the Corporation or the Employer, may choose not to issue or deliver any Shares to the Participant upon vesting of the RSUs.

UNITED STATES

There are no country-specific provisions.

APPENDIX B

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

COUNTRY-SPECIFIC TERMS AND CONDITIONS FOR DIRECTORS AND CONSULTANTS

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Plan and the Restricted Stock Unit Agreement.

Terms and Conditions

This Appendix B includes additional terms and conditions for directors and consultants that govern the RSUs if the Participant resides and/or provides services in one of the countries listed below. If the Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which the Participant is currently residing and/or providing services or if the Participant moves to another country after receiving the grant of the RSUs, the Corporation will, in its sole discretion, determine the extent to which the terms and conditions herein will be applicable to the Participant.

Notifications

This Appendix B also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2015. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that the Participant not rely on the information in this Appendix B as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the RSUs vest or the Participant sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation and the Corporation is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently residing and/or providing services (or if the Participant is considered as such for local law purposes) or if the Participant moves to another country after receiving the grant of the RSUs, the information contained herein may not be applicable to the Participant in the same manner.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the RSUs, the Participant acknowledges that the Participant has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix B. The Participant further acknowledges that the Participant has read and specifically and expressly approves the following provisions of the Award Agreement: Section 2 (Grant); Section 3 (Vesting; Settlement; Forfeiture); Section 4 (Continuance of Employment/Service Required; No Employment/Service Commitment); Section 5 (Restrictions on Transfer); Section 6 (Tax Withholding); Section 7 (Nature of Grant); Section 10 (Insider Trading Restrictions/Market Abuse Laws); Section 16 (Governing Law; Venue); Section 17 (Clawback Policy); Section 18 (Language); Section 19 (Electronic Delivery and Acceptance); Section 20 (Severability); Section 21 (Appendices); Section 22 (Imposition of Other Requirements); and the Data Privacy provision below in this Appendix B.

Data Privacy. ***This provision replaces in its entirety, Section 9 (Data Privacy) of the Award Agreement:***

The Participant understands that the Corporation or the Subsidiary employing or retaining the Participant may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all RSUs or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant is aware that providing the Corporation with the Participant's Data is necessary for the performance of the Award Agreement and that the Participant's refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The "Controller" of personal data processing is CTI BioPharma Corp., 3101 Western Ave., Seattle, WA 98121, USA; its representative in Italy is currently the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy. The Participant understands that the Data may be transferred to the Corporation or its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to E*Trade Financial Services, Inc. or other third party with whom Shares acquired upon settlement of RSUs may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require

the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that pursuant to art.7 of D.lgs 196/2003, the Participant has the right, including but not limited to, access, delete, update, request the rectification of the Participant's Data and cease, for legitimate reasons, the Data processing. Furthermore, the Participant is aware that the Participant's Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy.

Notifications

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident and holds investments or financial assets outside of Italy (*e.g.*, Shares received upon settlement of RSUs) during any fiscal year which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on the Participant's annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

UNITED KINGDOM

Terms and Conditions

Grant. Notwithstanding anything contrary in the Plan, due to securities law requirements, no grants will be made to Nonemployee directors or consultants in the United Kingdom.

UNITED STATES

There are no country-specific provisions.

Exhibit 10.4

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT
(GLOBAL FORM)

THIS STOCK OPTION AGREEMENT, including any country-specific appendices attached hereto, (collectively the "**Option Agreement**") is dated as of **[**_____, 20__**]** (the "**Grant Date**") by and between CTI BioPharma Corp., a Washington corporation (the "**Corporation**"), and **[**_____**]** (the "**Participant**"). Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the Plan.

W I T N E S S E T H

WHEREAS, pursuant to and under the CTI BioPharma Corp. 2015 Equity Incentive Plan (the "**Plan**"), the Corporation desires to grant to the Participant, effective as of the date hereof, the Option (as defined below), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. Grant.

According to and subject to the terms and conditions of this Option Agreement and the Plan, which is incorporated herein by reference, the Corporation hereby grants to the Participant the option (the "**Option**") to purchase all or any part of an aggregate of **[**_____**]** shares of Common Stock (the "**Shares**") at the exercise price of **[**$_____**]** per share (the "**Exercise Price**"). The Option will be treated as [a Nonqualified][or] [an Incentive] Stock Option (for U.S. employees)]. A copy of the Plan is publicly available and has been filed with the SEC and will be furnished to the Participant upon the Participant's request. The Exercise Price and the number of Shares covered by the Option are subject to adjustment under Section 7.1 of the Plan.

2. Vesting; Limits on Exercise.

The Option may be exercised only to the extent it is vested. Subject to Section 5 below, the Option shall vest and become exercisable in percentage installments of the aggregate number of Shares subject to the Option in accordance with the following schedule; provided, however, if the Participant is a member of the Board (a "**Director**") and a Change in Control occurs, any portion of the Option that remains outstanding and unvested immediately prior to the Change in Control shall accelerate and become vested upon (or, to the extent necessary to give effect to the acceleration, immediately prior to) the Change in Control:

Date of Vesting	Portion of Shares with respect to which the Option is Vested/Exercisable
[insert]	[insert]

For purposes of the Option, a "**Change in Control**" shall be deemed to have occurred as of the first day, after the date of grant of the particular award, that any one or more of the following conditions shall have been satisfied:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "**Person**")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then-outstanding shares of common stock of the Corporation (the "**Outstanding Company Common Stock**") or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that, for purposes of this clause (a), the following acquisitions shall not constitute a Change in Control; (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any affiliate of the Corporation or a successor, or (D) any acquisition by any entity pursuant to a transaction that complies with Sections 2(c)(1), (2) and (3) below;

(b) Individuals who, as of the Grant Date, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Grant Date whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or

other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a "**Business Combination**"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets directly or through one or more subsidiaries (a "**Parent**")) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, 50% or more of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership of 50% or more existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or a Parent were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation other than in the context of a transaction that does not constitute a Change in Control under clause (c) above.

The Option may be exercised only to the extent the Option is vested and exercisable.

- Cumulative Exercisability. To the extent that the Option is vested and exercisable, the Participant has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option as provided in this Option Agreement and the Plan.

- No Fractional Shares. Fractional share interests shall be disregarded, but may be cumulated.

3. Continuance of Employment/Service Required; No Employment/Service Commitment.

The Participant must remain employed by, or continue to provide services to, the Corporation or any Subsidiary through each applicable vesting date of the Option in order to vest in the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of a Termination of Service as provided in Section 5 below.

The Option grant and the Participant's participation in the Plan shall not create a right to continued employment or service with the Corporation or any Subsidiary nor shall it create a right to employment or be interpreted as forming an employment or services contract with the Corporation or any Subsidiary and shall not interfere with the ability of the Corporation or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any) or affect the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation. Nothing in this Option Agreement, however, is intended to adversely affect any contractual right(s) of the Participant, independent of the Option grant and this Option Agreement, between the Participant and Corporation or any Subsidiary without his or her consent thereto.

For purposes of the Option, "**Termination of Service**" means (a) in the case of an employee, a cessation of the employee-employer relationship between the employee and the Corporation or one of its Subsidiaries for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability or the disaffiliation of a Subsidiary, but excluding any such termination where there is a simultaneous reemployment by the Corporation or one of its Subsidiaries; (b) in the case of a consultant, a cessation of the service relationship between the consultant and the Corporation or one of its Subsidiaries for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability, or the disaffiliation of a Subsidiary, but excluding any such termination where there is a simultaneous re-engagement of the consultant by the Corporation or one of its Subsidiaries; and (c) in the case of a Director, a cessation of the Director's service on the Board for any reason, including, but not by way of limitation, a termination by resignation, death, disability or non-reelection to the Board. The determination of whether a Termination of Service has occurred shall be made by the Administrator, in its sole discretion, in accordance with the terms of the Plan including, without limitation, Section 6 of the Plan.

Unless otherwise expressly provided by the Corporation, in the event that: (1) the Participant is, on the Grant Date, both an employee of the Corporation or one of its Subsidiaries and a Director, the determination of whether a Termination of Service has occurred with respect to the Participant shall be determined by reference to the date on which the Participant is no longer an employee of the Corporation or one of its Subsidiaries; and (2) in the event the Participant is, on the Grant Date, not an employee of the Corporation or one of its Subsidiaries and is both a Director and a consultant, the determination of whether a Termination of Service has occurred with respect to the Participant shall be determined by reference to the date on which the Participant is no longer a Director.

4. Method of Exercise of Option.

Any vested portion of the Option may be exercised by the Participant's delivery of a written or electronic notice of exercise (in a form acceptable to the Corporation) to the Secretary of the Corporation (or its designee), setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment of the aggregate Exercise Price and any Tax-Related Items (as defined in Section 7 below).

The Exercise Price shall be payable to the Corporation by one or more following methods:

(a) by check;

(b) through irrevocable instructions from the Participant to the Corporation's designated broker or other broker permitted by the Corporation to remit funds required to satisfy all or a portion of the Exercise Price to the Corporation under a broker-assisted cashless exercise; provided, however, that the Participant shall be permitted to engage an individual broker in connection with the cashless exercise contemplated under this Section 4(b) to the extent the Participant has adopted an arrangement that is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Act (a "**10b5-1 Trading Plan**") with respect to transactions involving the Option and/or Shares subject to the Option; or

(c) through such other method of exercise permitted by the Administrator, in its sole discretion, pursuant to Section 5.5 of the Plan.

As soon as practicable after receipt of the Participant's written notice of exercise and full payment of the Exercise Price and any Tax-Related Items, the Corporation shall deliver to the Participant Share certificates (which may be in book entry form) representing the Shares underlying the exercised Option.

5. Early Termination of Option.

5.1 Expiration Date. Subject to earlier termination as provided below in this Section 5, the Option will terminate on the tenth (10^{th}) anniversary of the Grant Date (the "**Expiration Date**").

5.2 Possible Termination of Option upon Certain Corporate Events. The Option is subject to possible termination in connection with certain corporate events as provided in Section 7.2 of the Plan.

5.3 Termination of Option upon the Participant's Termination of Service. The Option, to the extent not vested on the date of the Participant's Termination of Service (the "**Termination Date**"), shall terminate on such date and the Participant shall have no right to any unvested portion of the Option or any underlying Shares; provided, however, that if the Participant is a U.S. employee and is entitled to any accelerated vesting of the Option in connection with such Termination of Service pursuant to the express provisions of any employment agreement, service agreement, severance agreement or similar agreement between the Participant and the Corporation or any of its Subsidiaries then in effect (a "**Service**

Agreement"), such accelerated vesting provisions shall apply. The Option, to the extent vested and outstanding on the Participant's Termination of Service, will terminate (a) on the expiration of twelve (12) months from the Termination Date if such Termination of Service is the result of the Participant's death or Disability, or (b) three (3) months from the Termination Date for any other reason. For these purposes, "**Disability**" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, provided that if the Option is not an Incentive Stock Option, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 5.1.

6. Non-Transferability.

The Option may not be subject to sale, transfer, alienation, assignment, pledge, encumbrance or charge, other than by will or by the laws of descent and distribution and the Option may only be exercised by the Participant during his or her lifetime.

7. Tax Withholding.

The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Subsidiary employing or retaining the Participant, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("**Tax-Related Items**"), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation or the Subsidiary employing or retaining the Participant. The Participant further acknowledges that the Corporation and/or the Subsidiary employing or retaining the Participant (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result except as otherwise expressly provided in the Option Agreement or any other agreement with the Participant. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Corporation and/or the Subsidiary employing or retaining the Participant (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Subsidiary employing or retaining the Participant to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Corporation and/or the Subsidiary employing or retaining the Participant, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by withholding from proceeds of the sale of Shares acquired at exercise of the Option either through:

- a voluntary sale by the Participant by providing irrevocable instructions to the Corporation's designated broker to remit funds required to satisfy all or a portion of the Tax-Related Items to the Corporation and/or the Subsidiary employing or retaining the Participant under a broker-assisted cashless exercise program implemented by the Corporation in connection with the Plan; provided, however, that the Participant shall be permitted to engage an individual broker in connection with the cashless exercise to the extent the Participant has adopted a 10b5-1 Trading Plan with respect to transactions involving the Option and/or Shares subject to the Option; or

- through a mandatory sale arranged by the Corporation on the Participant's behalf pursuant to this authorization (without further consent).

The Corporation may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. Finally, the Participant agrees to pay to the Corporation or the Subsidiary employing or retaining the Participant, including through withholding from the Participant's wages or other cash compensation payable to the Participant by the Corporation and/or the Subsidiary employing or retaining the Participant any amount of Tax-Related Items that the Corporation or the Subsidiary employing or retaining the Participant may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Corporation may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

8. Nature of Grant.

In accepting the grant of the Option, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Corporation, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by the Plan;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future option or other grants of Awards, if any, will be at the sole discretion of the Corporation;

(d) the Participant is voluntarily participating in the Plan;

(e) the Option and the Shares subject to the Option are not intended to replace any pension rights or compensation;

(f) the Option and the Shares subject to the Option, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(h) for purposes of the Option, unless otherwise expressly provided in this Option Agreement or determined by the Corporation, the Participant's right to vest in the Option under the Plan, if any, will terminate as of the Termination Date and will not be extended by any notice period (*e.g.*, the Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or providing services or the terms of the Participant's employment or service agreement, if any); the Administrator shall have the exclusive discretion to determine the Termination Date for purposes of the Option grant (including whether the Participant may still be considered to be providing services while on a leave of absence);

(i) unless otherwise provided in the Plan or by the Corporation in its discretion, the Option and the benefits evidenced by this Option Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Corporation's Shares; and

(j) the following provisions apply if the Participant is providing services outside the United States:

(i) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purpose; and

(ii) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the Participant's termination of active service (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services or the terms of the Participant's employment or service agreement, if any), and in consideration of the grant of the Option to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Corporation or any Subsidiary, waives his or her ability, if any, to bring any such claim, and releases the Corporation and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction,

then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(iii) the Participant acknowledges and agrees that neither the Corporation nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to the Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.

9. No Advice Regarding Grant.

The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Option (including, without limitation, to determine the tax consequences with respect to the Option and any Shares that may be acquired upon exercise of the Option) or to his or her participation in the Plan. Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Option Agreement) or recommendation with respect to the Option or the Participant's participation in the Plan.

10. *Data Privacy*.

The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Corporation, the Participant's employer and any Subsidiaries ("Data") for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Corporation, the Participant's employer or any Subsidiary retaining the Participant may hold certain personal information about Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Corporation, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The Participant understands that Data may be transferred to E*Trade Financial Services, Inc. or any other possible recipients which may be assisting the Corporation (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that, if he or she resides outside the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's employer's human resources representative or the Subsidiary retaining the Participant. The Participant authorizes the Corporation, E*Trade Financial Services, Inc. and any other possible recipients which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of

implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that, if he or she resides outside the United States, the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's human resources representative or the Subsidiary retaining the Participant. Further, the Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Participant's employer or the Subsidiary retaining the Participant will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Corporation may not be able to grant Options to the Participant or administer or maintain such Options. Therefore, Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's employer's human resources representative or the Subsidiary retaining the Participant.

11. Insider Trading Restrictions/Market Abuse Laws.

The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and the Participant's country of residence (if different), which may affect his or her ability to acquire or sell Shares or rights to Shares (*e.g.*, Options) under the Plan during such times as the Participant is considered to have "inside information" regarding the Corporation (as defined by the laws in the applicable jurisdictions, including the United States and the Participant's country of residence). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Corporation insider trading policy. The Participant is responsible for ensuring compliance with any applicable restrictions and is advised to consult his or her personal legal advisor on this matter.

12. Notices.

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the address last reflected on the Corporation's payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government or any equivalent non-United States postal office. Any such notice shall be given only when received, but if the Participant is no longer employed by or providing services to the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 12.

13. Plan.

The Option and all rights of the Participant under this Option Agreement are subject to the terms and conditions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Option Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Administrator do not and shall not be deemed to create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Administrator so conferred by appropriate action of the Administrator under the Plan after the date hereof.

14. Entire Agreement.

This Option Agreement and the Plan (and, if the Participant is a U.S. employee, any Service Agreement as to any accelerated vesting right as contemplated by Section 5.3, but only as to such an accelerated vesting right) constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. In the event of any conflict between this Option Agreement, the Plan and Service Agreement (if any) in effect, the terms of the Plan shall control. Notwithstanding the foregoing, the treatment of the Option upon a Termination of Service and/or a Change in Control shall be as set forth in the Service Agreement (if any) in effect between the Corporation or any Subsidiary in the event of any conflict with the Plan or this Option Agreement.

The Plan may be amended, suspended or terminated pursuant to Section 8.6 of the Plan. This Option Agreement may be amended by the Administrator from time to time, provided that any such amendment must be in writing and signed by the Corporation. Except as otherwise provided in the Plan, any such amendment that materially and adversely affects the Participant's rights under this Option Agreement requires the consent of the Participant in order to be effective with respect to the Option, provided that such consent shall not be required if the Administrator determines, in its sole and absolute discretion, that the amendment is required or advisable in order for the Corporation, the Plan or this Option to satisfy applicable law, to meet the requirements of any accounting standard or to avoid any adverse accounting treatment. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

15. Effect of this Agreement.

Subject to the Corporation's right to terminate the Option pursuant to Section 8.6 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

16. Counterparts.

This Option Agreement may be executed simultaneously in any number of counterparts, including through electronic transmission, each of which counterparts shall be deemed an original but all of which together shall constitute one and the same instrument.

17. Section Headings.

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

18. Governing Law; Venue.

This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington without regard to conflict of law principles thereunder. For purposes of litigating any dispute that arises under this grant or the Option Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Washington, and agree that such litigation shall be conducted in the courts of King County, Washington, or the federal courts for the United States for the Western District of Washington, where this grant is made and/or to be performed.

19. Clawback Policy.

The Option is subject to the terms of any recoupment, clawback or similar policy of the Corporation as may be in effect from time to time, as well as any similar provisions of applicable law (in each case, without regard to whether any such policy or application law was implemented or promulgated, as applicable, after the date the Option was granted), any of which could in certain circumstances require forfeiture of the Option and repayment or forfeiture of any Shares or other cash or property received with respect to the Option (including any value received from a disposition of the Shares acquired upon exercise of the Option).

20. Language.

If the Participant has received this Option Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

21. Electronic Delivery and Acceptance.

The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

22. Severability.

The provisions of this Option Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

23. Appendices.

Notwithstanding any provisions in this Option Agreement, the Option shall be subject to any special terms and conditions set forth in any Appendix to this Option Agreement for the Participant's country. Moreover, if the Participant relocates to any other country, special terms and conditions for such country will apply to the Participant (including, to the extent that an Appendix hereto pertains to the country to which the Participant relocates, those specified in such applicable Appendix), to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendices constitute part of this Option Agreement.

24. Imposition of Other Requirements.

Subject to Section 14 of this Option Agreement, the Corporation reserves the right to impose other requirements on the Participant's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

CTI BioPharma Corp.
a Washington corporation

By: _____

[Name]
[Title]

PARTICIPANT

_____
Signature

_____
Print Name

APPENDIX A

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT

COUNTRY-SPECIFIC TERMS AND CONDITIONS FOR EMPLOYEES

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Plan and the Option Agreement.

Terms and Conditions

This Appendix A includes additional terms and conditions for employees that govern the Option and the Shares subject to the Option if the Participant resides and/or works in one of the countries listed below. If the Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which the Participant is currently residing and/or working or if the Participant moves to another country after receiving the grant of the Option, the Corporation will, in its sole discretion, determine the extent to which the terms and conditions herein will be applicable to the Participant.

Notifications

This Appendix A also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2015. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that the Participant not rely on the information in this Appendix A as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Option is exercised or the Participant sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Corporation is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently residing and/or working (or if the Participant is considered as such for local law purposes) or if the Participant moves to another country after receiving the grant of the Option, the information contained herein may not be applicable to the Participant in the same manner.

ITALY

Terms and Conditions

Method of Exercise.

The following paragraph supplements Section 4 of the Option Agreement:

Notwithstanding anything to the contrary in the Plan or the Option Agreement, the Participant will be required to pay the Exercise Price by a cashless exercise under a broker-assisted cashless exercise program implemented by the Corporation in connection with the Plan such that all Shares subject to the exercised Option will be sold immediately upon exercise (*i.e.* a "same day sale") and the sales proceeds, less the Exercise Price, any Tax-Related Items and broker's fees or commissions, will be remitted to the Participant. The Corporation reserves the right to provide the Participant with additional methods of exercise in the future.

Plan Document Acknowledgment.

In accepting the Option, the Participant acknowledges that the Participant has received a copy of the Plan and the Option Agreement and has reviewed the Plan and the Option Agreement, including this Appendix A, in their entirety and fully understands and accepts all provisions of the Plan and the Option Agreement, including this Appendix A. The Participant further acknowledges that the Participant has read and specifically and expressly approves the following provisions of the Stock Option Agreement: Section 1 (Grant); Section 2 (Vesting; Limits on Exercise); Section 3 (Continuance of Employment/Service Required); No Employment/Service Commitment); Section 5 (Early Termination of Option); Section 6 (Non-Transferability); Section 7 (Tax Withholding); Section 8 (Nature of Grant); Section 11 (Insider Trading Restrictions/Market Abuse Laws); Section 19 (Governing Law; Venue); Section 20 (Clawback Policy); Section 21 (Language); Section 22 (Electronic Delivery and Acceptance); Section 23 (Severability); Section 24 (Appendices); Section 25 (Imposition of Other Requirements); and the Data Privacy provision below in this Appendix A.

Data Privacy. ***This provision replaces in its entirety, Section 10 (Data Privacy) of the Option Agreement:***

The Participant understands that the Corporation or the participant's employer (the "Employer") may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all Options or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant is aware that providing the Corporation with the Participant's Data is necessary for the performance of the Option Agreement and that the Participant's refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The "Controller" of personal data processing is CTI BioPharma Corp. 3101 Western Ave., Seattle, WA 98121, USA; its representative in Italy is currently the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy. The Participant understands that the Data may be transferred to the Corporation or its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to E*Trade Financial Services, Inc. or other third party with whom Shares acquired upon exercise of Options may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that pursuant to art.7 of D.lgs 196/2003, the Participant has the right, including but not limited to, access, delete, update, request the rectification of the Participant's Data and cease, for legitimate reasons, the Data processing. Furthermore, the Participant is aware that the Participant's Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy.

Notifications

Foreign Asset/Account Reporting Information.

If the Participant is an Italian resident and holds investments or financial assets outside of Italy (*e.g.*, Shares received upon exercise of Options) during any fiscal year which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on the Participant's annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

UNITED KINGDOM

Terms and Conditions

Tax Obligations.

This provision supplements Section 7 (Tax Withholding) of the Option Agreement for Employees:

If payment or withholding of the income tax due is not made within ninety (90) days of the end of the U.K. tax year (April 6- April 5) in which the event giving rise to the liability occurs or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "**Due Date**"), the amount of any uncollected income tax will constitute a loan owed by the Participant to the Participant's employer (the "**Employer**"), effective on the Due Date. The Participant agrees that the loan will bear interest at the then-current Official Rate of Her Majesty's Revenue and Customs ("**HMRC**"), it will be immediately due and repayable, and the Corporation or the Participant's Employer may recover it at any time thereafter by any of the means referred to in Section 7 of the Option Agreement.

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Corporation (within the meaning of Section 13(k) of the 1934 Act), he or she will not be eligible for such a loan to cover the income tax due as described above. In the event that the Participant is such a director or executive officer and the income tax is not collected from or paid by the Participant by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions may be payable. The Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime. The Participant is responsible for reimbursing the Corporation or the Employer for the value of any national insurance contribution due on this additional benefit and acknowledges that the Corporation or the Employer may recover such amount from him or her by any of the means referred to in Section 7 of the Option Agreement.

Joint Election.

As a condition of the Participant's participation in the Plan, the Participant agrees to accept any liability for secondary Class 1 national insurance contributions which may be payable by the Corporation and/or the Employer in connection with the Option and any event giving rise to Tax-Related Items (the "**Employer's NICs**"). Without limitation to the foregoing, the Participant agrees to enter into a joint election with the Corporation (the "**Joint Election**"), the form of such Joint Election being formally approved by HMRC, and to execute any other consents or elections required to accomplish the transfer of the Employer's NICs to the Participant. The Participant further agrees to execute such other joint elections as may be required between the Participant and any successor to the Corporation and/or the Employer. The Participant further agrees that the Corporation and/or the Employer may collect the Employer's NICs from him or her by any of the means set forth in Section 7 of the Option Agreement.

If the Participant does not enter into a Joint Election, or if approval of the Joint Election has been withdrawn by HMRC or if such Joint Election is jointly revoked by the Participant and

the Corporation or the Employer, as applicable, the Corporation, in its sole discretion and without any liability to the Corporation or the Employer, may choose not to issue or deliver any Shares to the Participant upon exercise of the Option.

UNITED STATES

Terms and Conditions

The following provisions apply to the Participant if the Option is designated as an Qualified Option:

Qualified Option Value Limit.

This provision supplements Section 2 (Vesting; Limits on Exercise) of the Option Agreement:

If the Option is designated as an Qualified Option, and if the aggregate Fair Market Value of the shares with respect to which Qualified Options (whether granted under the Option or otherwise) first become exercisable by the Participant in any calendar year exceeds $100,000, as measured on the applicable Grant Dates, the limitations of Section 5.8.1 of the Plan shall apply and to such extent the Option will be rendered a Nonqualified Stock Option.

Method of Exercise of Option.

This provision supplements Section 4 (Method of Exercise of Option) of the Option Agreement:

The Option will qualify as an Qualified Option only if it meets all of the applicable requirements of the Code. If the Option is designated as an Qualified Option, the Option may be rendered a nonqualified Option if the Administrator permits the use of one or more of the non-cash payment alternatives referenced in Section 5.2.3 of the Plan.

Early Termination of Option.

This provision supplements Section 5 (Early Termination of Option) of the Option Agreement:

Notwithstanding any post-termination exercise period provided for herein or in the Plan, the Option will qualify as an Qualified Option only if it is exercised within the applicable exercise periods for Qualified Options under, and meets all of the applicable requirements of, the Code. If the Option is designated as an Qualified Option, the Option will be rendered a nonqualified Option if the Option is not exercised within the applicable exercise periods for Qualified Options or does not meet such other requirements.

Non-Transferability.

This provision supplements Section 6 (Non-Transferability) of the Option Agreement:

Notwithstanding anything to the contrary in this section or the Option Agreement, the Option and any other rights of the Participant under this Option Agreement or the Plan are nontransferable and exercisable only by the Participant, except as set forth in Section 5.1.2 of the Plan.

APPENDIX B

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT

COUNTRY-SPECIFIC TERMS AND CONDITIONS FOR DIRECTORS AND CONSULTANTS

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Plan and the Option Agreement.

Terms and Conditions

This Appendix B includes additional terms and conditions for directors and consultants that govern the Option and the Shares subject to the Option if the Participant resides and/or works in one of the countries listed below. If the Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which the Participant is currently residing and/or working or if the Participant moves to another country after receiving the grant of the Option, the Corporation will, in its sole discretion, determine the extent to which the terms and conditions herein will be applicable to the Participant.

Notifications

This Appendix B also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2015. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that the Participant not rely on the information in this Appendix B as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Option is exercised or the Participant sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation and the Corporation is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently residing and/or working (or if the Participant is considered as such for local law purposes) or if the Participant moves to another country after receiving the grant of the Option, the information contained herein may not be applicable to the Participant in the same manner.

ITALY

Terms and Conditions

Method of Exercise.

The following paragraph supplements Section 4 of the Option Agreement:

Notwithstanding anything to the contrary in the Plan or the Option Agreement, the Participant will be required to pay the Exercise Price by a cashless exercise under a broker-assisted cashless exercise program implemented by the Corporation in connection with the Plan such that all Shares subject to the exercised Option will be sold immediately upon exercise (*i.e.* a "same day sale") and the sales proceeds, less the Exercise Price, any Tax-Related Items and broker's fees or commissions, will be remitted to the Participant. The Corporation reserves the right to provide the Participant with additional methods of exercise in the future.

Plan Document Acknowledgment.

In accepting the Option, the Participant acknowledges that the Participant has received a copy of the Plan and the Option Agreement and has reviewed the Plan and the Option Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Option Agreement, including this Appendix B. The Participant further acknowledges that the Participant has read and specifically and expressly approves the following provisions of the Stock Option Agreement: Section 1 (Grant); Section 2 (Vesting; Limits on Exercise); Section 3 (Continuance of Employment/Service Required); No Employment/Service Commitment); Section 5 (Early Termination of Option); Section 6 (Non-Transferability); Section 7 (Tax Withholding); Section 8 (Nature of Grant); Section 11 (Insider Trading Restrictions/Market Abuse Laws); Section 19 (Governing Law; Venue); Section 20 (Clawback Policy); Section 21 (Language); Section 22 (Electronic Delivery and Acceptance); Section 23 (Severability); Section 24 (Appendices); Section 25 (Imposition of Other Requirements); and the Data Privacy provision below in this Appendix B.

Data Privacy.

This provision replaces in its entirety, Section 10 (Data Privacy) of the Option Agreement:

The Participant understands that the Corporation or the Subsidiary retaining the Participant may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all Options or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant is aware that providing the Corporation with the Participant's Data is necessary for the performance of the Option Agreement and that the Participant's refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The "Controller" of personal data processing is CTI BioPharma Corp., 3101 Western Ave., Seattle, WA 98121, USA; its representative in Italy is currently the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy. The Participant understands that the Data may be transferred to the Corporation or its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to E*Trade Financial Services, Inc. or other third party with whom Shares acquired upon exercise of Options may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that pursuant to art.7 of D.lgs 196/2003, the Participant has the right, including but not limited to, access, delete, update, request the rectification of the Participant's Data and cease, for legitimate reasons, the Data processing. Furthermore, the Participant is aware that the Participant's Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy.

Notifications

Foreign Asset/Account Reporting Information.

If the Participant is an Italian resident and holds investments or financial assets outside of Italy (*e.g.*, Shares received upon exercise of Options) during any fiscal year which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on the Participant's annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

UNITED KINGDOM

Terms and Conditions

Grant.

Notwithstanding anything contrary in the Plan, due to securities law requirements, no grants will be made to Nonemployee Directors or Consultants in the United Kingdom.

UNITED STATES

Terms and Conditions

Tax Information.

The Option is not an incentive stock option within the meaning of Section 422 of the Code.

Exhibit 10.5

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
STOCK BONUS AWARD AGREEMENT
(GLOBAL FORM)

THIS STOCK BONUS AWARD AGREEMENT, including any country-specific appendix attached hereto, (collectively the "**Award Agreement**") is dated as of **[_____, 20__]** (the "**Grant Date**") by and between CTI BioPharma Corp., a Washington corporation (the "**Corporation**"), and **[_____]** (the "**Participant**").

W I T N E S S E T H

WHEREAS, pursuant to the CTI BioPharma Corp. 2015 Equity Incentive Plan (the "**Plan**"), the Corporation desires to grant to the Participant, effective as of the date hereof, a fully vested stock bonus (the "**Stock Bonus**"), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. Grant. According to and subject to the terms and conditions of this Award Agreement and the Plan, which is incorporated herein by reference, the Corporation hereby grants to the Participant a Stock Bonus with respect to an aggregate of **[_____]** shares of Common Stock of the Corporation (the "**Shares**").

3. No Right to Continued Employment/Service. The Stock Bonus and the Participant's participation in the Plan shall not create a right to continued employment or service with the Corporation or any Subsidiary nor shall it create a right to employment or be interpreted as forming an employment or services contract with the Corporation or any Subsidiary and shall not interfere with the ability of the Corporation or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any) or affect the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation. Nothing in this Award Agreement, however, is intended to adversely affect any contractual right(s) of the Participant, independent of the Stock Bonus and this Award Agreement, between the Participant and Corporation or any Subsidiary without his or her consent thereto.

4. Stock Certificates. The Corporation shall issue the Shares subject to the Stock Bonus either: (a) in certificate form; or (b) in book entry form, and in either case, registered in the name of the Participant.

5. Tax Withholding. The Participant acknowledges that, regardless of any action taken by the Corporation or, if different, the Subsidiary employing or retaining the Participant, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("**Tax-Related Items**"), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Corporation or the Subsidiary employing or retaining the Participant. The Participant further acknowledges that the Corporation and/or the Subsidiary employing or retaining the Participant (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Bonus, including, but not limited to, the grant of the Stock Bonus or the subsequent sale of Shares underlying the Stock Bonus and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Stock Bonus to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result, except as otherwise expressly provided in the Stock Bonus Agreement or any other agreement with the Participant.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Corporation and/or the Subsidiary employing or retaining the Participant to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Corporation and/or the Subsidiary employing or retaining the Participant, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from the Participant's wages or other cash compensation payable to the Participant by the Corporation and/or the Subsidiary employing or retaining the Participant; or

(b) withholding from proceeds of the sale of Shares underlying the Stock Bonus either through:

- a voluntary sale by the Participant by providing irrevocable instructions to the his or her broker to remit funds required to satisfy all or a portion of the Tax-Related Items to the Corporation and/or the Subsidiary employing or retaining the Participant; or

- through a mandatory sale arranged by the Corporation on the Participant's behalf pursuant to this authorization (without further consent); or

(c) withholding of Shares to be issued upon grant of the Stock Bonus if permitted by the Corporation, in its sole discretion.

Depending on the withholding method, the Corporation and/or the Subsidiary employing or retaining the Participant may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, in no event will Shares be

withheld in excess of the applicable minimum statutory withholding rate. Further, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the Stock Bonus, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

6. Nature of Grant. In accepting the grant of the Stock Bonus, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Corporation, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by the Plan;

(b) the grant of the Stock Bonus is voluntary and occasional and does not create any contractual or other right to receive future Stock Bonuses, or benefits in lieu of Stock Bonuses, even if awards have been granted in the past;

(c) all decisions with respect to future Stock Bonuses, if any, will be at the sole discretion of the Corporation;

(d) the Participant is voluntarily participating in the Plan;

(e) the Stock Bonus and the Shares underlying the Stock Bonus are not intended to replace any pension rights or compensation;

(f) the Stock Bonus, the Shares underlying the Stock Bonus and the income and value of same are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the Shares underlying the Stock Bonus is unknown, indeterminable and cannot be predicted with certainty; and

(h) the following provisions apply if the Participant is providing services outside the United States:

(i) the Stock Bonus and the Shares subject to the Stock Bonus are not part of normal or expected compensation or salary for any purpose; and

(ii) the Participant acknowledges and agrees that neither the Corporation nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Shares or the subsequent sale of any Shares acquired upon grant.

7. No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Stock Bonus (including, without limitation, to determine the federal, foreign, state, local, estate and/or gift tax consequences with respect to the Stock Bonus). Neither the Corporation nor any of its officers, directors, affiliates

or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement) or recommendation with respect to the Stock Bonus.

8. Data Privacy. ***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Corporation, the Participant's employer and any Subsidiaries ("Data") for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Corporation, the Participant's employer or any Subsidiary retaining the Participant may hold certain personal information about Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Corporation, details of all Stock Bonuses or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan. The Participant understands that Data may be transferred to E*Trade Financial Services, Inc. or any other possible recipients which may be assisting the Corporation (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that, if he or she resides outside the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's employer's human resources representative or the Subsidiary retaining the Participant. The Participant authorizes the Corporation, E*Trade Financial Services, Inc. and any other possible recipients which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that if he or she resides outside the United States, the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative or the Subsidiary retaining the Participant. Further, the Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Participant's employer or the Subsidiary retaining the Participant will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Corporation may not be able to grant Stock Bonuses to the Participant or administer or maintain such Stock Bonuses. Therefore, Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's employer's human resources representative or the Subsidiary retaining the Participant.***

9. Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and the Participant's country of residence (if different), which may affect his or her ability to acquire or sell Shares under the Plan during such times as the Participant is considered to have "inside information" regarding the Corporation (as defined by the laws in the applicable jurisdictions, including the United States and the Participant's country of residence). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Corporation insider trading policy. The Participant is responsible for ensuring compliance with any applicable restrictions and is advised to consult his or her personal legal advisor on this matter.

10. Notices. Any notice to be given under the terms of this Award Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the Participant's address last reflected on the Corporation's payroll records or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope, addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government or any equivalent non-United States postal office. Any such notice shall be given only when received, but if the Participant is no longer employed by or providing services to the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 10.

11. Plan. The Stock Bonus and all rights of the Participant under this Award Agreement are subject to the terms and conditions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Agreement. Unless otherwise expressly provided in other sections of this Award Agreement, provisions of the Plan that confer discretionary authority on the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Administrator so conferred by appropriate action of the Administrator under the Plan after the date hereof.

12. Entire Agreement. This Award Agreement and the Plan constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. In the event of any conflict between this Award Agreement, the Plan, the terms of the Plan shall control. The Plan may be amended, suspended or terminated pursuant to Section 8.6 of the Plan. This Award Agreement may be amended by the Administrator from time to time, provided that any such amendment must be in writing and signed by the Corporation. Except as otherwise provided in the Plan, any such amendment that materially and adversely affects the Participant's rights under this Award Agreement requires the consent of the Participant in order to be effective with respect to the Award, provided that such consent shall not be required if the Administrator determines, in its sole and absolute discretion, that the amendment is required or advisable in order for the Corporation, the Plan or this Stock Bonus to satisfy applicable law, to meet the requirements of any accounting standard or to avoid any adverse accounting treatment. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the

Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

13. Counterparts. This Award Agreement may be executed simultaneously in any number of counterparts, including through electronic transmission, each of which counterparts shall be deemed an original but all of which together shall constitute one and the same instrument.

14. Section Headings. The section headings of this Award Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

15. Governing Law; Venue. This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington without regard to conflict of law principles thereunder. For purposes of litigating any dispute that arises under this grant or the Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Washington, and agree that such litigation shall be conducted in the courts of King County, Washington, or the federal courts for the United States for the Western District of Washington, where this grant is made and/or to be performed.

16. Clawback Policy. The Stock Bonus is subject to the terms of any recoupment, clawback or similar policies of the Corporation as may be in effect from time to time, as well as any similar provisions of applicable law (in each case, without regard to whether any such policy or applicable law was implemented or promulgated, as applicable, after the date the Stock Bonus was granted), any of which could in certain circumstances require repayment or forfeiture of the Shares or other cash or property received with respect to the Shares (including any value received from a disposition of the Shares).

17. Language. If the Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

18. Electronic Delivery and Acceptance. The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

19. Severability. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

20. Appendices. Notwithstanding any provisions in this Award Agreement, the Stock Bonus shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Participant's country. Moreover, if the Participant relocates to any other country, special terms and conditions for such country will apply to the Participant (including, to the extent that an Appendix hereto pertains to the country to which the Participant relocates, those specified in such applicable Appendix), to the extent the Corporation determines

that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendices constitute part of this Award Agreement.

21. Imposition of Other Requirements. Subject to Section 12 of this Agreement, the Corporation reserves the right to impose other requirements on the Participant's participation in the Plan and on any Shares acquired under the Plan, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. Effect of this Agreement. Subject to the Corporation's right to terminate the Stock Bonus pursuant to Section 8.6 of the Plan, this Award Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

PARTICIPANT

_____

Signature

_____

Print Name

CTI BIOPHARMA CORP.,
a Washington corporation

By: _____

[Name]
[Title]

APPENDIX A

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
STOCK BONUS AGREEMENT

COUNTRY-SPECIFIC TERMS AND CONDITIONS FOR EMPLOYEES

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Plan and the Award Agreement.

Terms and Conditions

This Appendix A includes additional terms and conditions for employees that govern the Stock Bonus and the Shares if the Participant resides and/or works in one of the countries listed below. If the Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which the Participant is currently residing and/or working or if the Participant moves to another country after receiving the Stock Bonus, the Corporation will, in its sole discretion, determine the extent to which the terms and conditions herein will be applicable to the Participant.

Notifications

This Appendix A also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2015. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that the Participant not rely on the information in this Appendix A as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Shares are sold.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation and the Corporation is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently residing and/or working (or if the Participant is considered as such for local law purposes) or if the Participant moves to another country after receiving the grant of the Shares, the information contained herein may not be applicable to the Participant in the same manner.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the Stock Bonus, the Participant acknowledges that the Participant has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix A, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix A. The Participant further acknowledges that the Participant has read and specifically and expressly approves the following provisions of the Award Agreement: Section 2 (Grant); Section 3 (No Right to Continued Employment/Service); Section 5 (Tax Withholding); Section 6 (Nature of Grant); Section 9 (Insider Trading Restrictions/Market Abuse Laws); Section 15 (Governing Law; Venue); Section 16 (Clawback Policy); Section 17 (Language); Section 18 (Electronic Delivery and Acceptance); Section 19 (Severability); Section 20 (Appendices); Section 21 (Imposition of Other Requirements); and the Data Privacy provision below in this Appendix A.

Data Privacy. ***This provision replaces in its entirety, Section 8 (Data Privacy) of the Award Agreement:***

The Participant understands that the Corporation or the Participant's employer ("Employer") may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant is aware that providing the Corporation with the Participant's Data is necessary for the performance of the Award Agreement and that the Participant's refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The "Controller" of personal data processing is CTI BioPharma Corp., 3101 Western Ave., Seattle, WA 98121, USA; its representative in Italy is currently the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy. The Participant understands that the Data may be transferred to the Corporation or its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to E*Trade Financial Services, Inc. or other third party with whom Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. The Participant

understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that pursuant to art.7 of D.lgs 196/2003, the Participant has the right, including but not limited to, access, delete, update, request the rectification of the Participant's Data and cease, for legitimate reasons, the Data processing. Furthermore, the Participant is aware that the Participant's Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy.

Notifications

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident and holds investments or financial assets outside of Italy (*e.g.*, Shares received upon settlement of RSUs) during any fiscal year which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on the Participant's annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

UNITED KINGDOM

Terms and Conditions

Tax Obligations. This provision supplements Section 5 (Tax Withholding) of the Award Agreement:

If payment or withholding of the income tax due is not made within ninety (90) days of the end of the U.K. tax year (April 6-April 5) in which the event giving rise to the liability occurs or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "**Due Date**"), the amount of any uncollected income tax will constitute a loan owed by the Participant to the Participant's employer ("**Employer**"), effective on the Due Date. The Participant agrees that the loan will bear interest at the then-current Official Rate of Her Majesty's Revenue and Customs ("**HMRC**"), it will be immediately due and repayable, and the Corporation or the Employer may recover it at any time thereafter by any of the means referred to in Section 5 of the Award Agreement.

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Corporation (within the meaning of Section 13(k) of the 1934 Act), he or she will not be eligible for such a loan to cover the income tax due as described above. In the event that the Participant is such a director or executive officer and the income tax is not collected from or paid by the Participant by the Due Date, the amount of any uncollected income tax may constitute a benefit

to the Participant on which additional income tax and national insurance contributions may be payable. The Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime. The Participant is responsible for reimbursing the Corporation or the Employer for the value of any national insurance contribution due on this additional benefit and acknowledges that the Corporation or the Employer may recover such amount from him or her by any of the means referred to in Section 5 of the Award Agreement.

Joint Election. As a condition of the Participant's participation in the Plan, the Participant agrees to accept any liability for secondary Class 1 national insurance contributions which may be payable by the Corporation and/or the Employer in connection with the Stock Bonus and any event giving rise to Tax-Related Items (the "**Employer's NICs**"). Without limitation to the foregoing, the Participant agrees to enter into a joint election with the Corporation (the "Joint Election"), the form of such Joint Election being formally approved by HMRC, and to execute any other consents or elections required to accomplish the transfer of the Employer's NICs to the Participant. The Participant further agrees to execute such other joint elections as may be required between the Participant and any successor to the Corporation and/or the Employer. The Participant further agrees that the Corporation and/or the Employer may collect the Employer's NICs from him or her by any of the means set forth in Section 5 of the Award Agreement.

If the Participant does not enter into a Joint Election, or if approval of the Joint Election has been withdrawn by HMRC or if such Joint Election is jointly revoked by the Participant and the Corporation or the Employer, as applicable, the Corporation, in its sole discretion and without any liability to the Corporation or the Employer, may choose not to issue or deliver any Shares to the Participant.

UNITED STATES

There are no country-specific provisions.

APPENDIX B

CTI BIOPHARMA CORP.
2015 EQUITY INCENTIVE PLAN
STOCK BONUS AGREEMENT

COUNTRY-SPECIFIC TERMS AND CONDITIONS FOR DIRECTORS AND CONSULTANTS

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Plan and the Award Agreement.

Terms and Conditions

This Appendix B includes additional terms and conditions for directors and consultants that govern the Stock Bonus and Shares if the Participant resides and/or works in one of the countries listed below. If the Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which the Participant is currently residing and/or working or if the Participant moves to another country after receiving the Stock Bonus, the Corporation will, in its sole discretion, determine the extent to which the terms and conditions herein will be applicable to the Participant.

Notifications

This Appendix B also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2015. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that the Participant not rely on the information in this Appendix B as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Shares are sold.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation and the Corporation is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently residing and/or working (or if the Participant is considered as such for local law purposes) or if the Participant moves to another country after receiving the grant of the Shares, the information contained herein may not be applicable to the Participant in the same manner.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the Stock Bonus, the Participant acknowledges that the Participant has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix B. The Participant further acknowledges that the Participant has read and specifically and expressly approves the following provisions of the Award Agreement: Section 2 (Grant); Section 3 (No Right to Continued Employment/Service); Section 5 (Tax Withholding); Section 6 (Nature of Grant); Section 9 (Insider Trading Restrictions/Market Abuse Laws); Section 15 (Governing Law; Venue); Section 16 (Clawback Policy); Section 17 (Language); Section 18 (Electronic Delivery and Acceptance); Section 19 (Severability); Section 20 (Appendices); Section 21 (Imposition of Other Requirements); and the Data Privacy provision below in this Appendix B.

Data Privacy. This provision replaces in its entirety, Section 8 (Data Privacy) of the Award Agreement:

The Participant understands that the Corporation or the Subsidiary employing or retaining the Participant may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all Stock Bonuses or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant is aware that providing the Corporation with the Participant's Data is necessary for the performance of the Award Agreement and that the Participant's refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The "Controller" of personal data processing is CTI BioPharma Corp., 3101 Western Ave., Seattle, WA 98121, USA; its representative in Italy is currently the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy. The Participant understands that the Data may be transferred to the Corporation or its Subsidiaries, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to E*Trade Financial Services, Inc. or other third party with whom Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to

the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that pursuant to art.7 of D.lgs 196/2003, the Participant has the right, including but not limited to, access, delete, update, request the rectification of the Participant's Data and cease, for legitimate reasons, the Data processing. Furthermore, the Participant is aware that the Participant's Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: the office of the Italian branch of CTI Life Sciences Limited with registered offices at Via Amedei 8, 20123 Milan, Italy.

Notifications

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident and holds investments or financial assets outside of Italy (*e.g.*, Shares received upon settlement of RSUs) during any fiscal year which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on the Participant's annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

UNITED KINGDOM

Terms and Conditions

Grant. Notwithstanding anything contrary in the Plan, due to securities law requirements, no grants will be made to Nonemployee Directors or Consultants in the United Kingdom.

UNITED STATES

There are no country-specific provisions.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James A. Bianco, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CTI BioPharma Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions) of internal control over financial reporting:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2015

By: /s/ James A. Bianco, M.D.
James A. Bianco, M.D.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL CHIEF FINANCIAL OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Louis A. Bianco, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CTI BioPharma Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions) of internal control over financial reporting:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2015

By: /s/ Louis A. Bianco
Louis A. Bianco
Executive Vice President,
Finance and Administration

Exhibit 32

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, James A. Bianco, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of CTI BioPharma Corp., that, to my knowledge, the Quarterly Report of CTI BioPharma Corp. on Form 10-Q for the fiscal quarter ended September 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of CTI BioPharma Corp.

A signed original of this written statement required by Section 906 has been provided to Cell Therapeutics, Inc. and will be retained by CTI BioPharma Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: November 5, 2015

By: /s/ James A. Bianco, M.D
James A. Bianco, M.D.
President and Chief Executive Officer

I, Louis A. Bianco, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of CTI BioPharma Corp., that, to my knowledge, the Quarterly Report of CTI BioPharma Corp. on Form 10-Q for the fiscal quarter ended September 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of CTI BioPharma Corp.

A signed original of this written statement required by Section 906 has been provided to CTI BioPharma Corp. and will be retained by CTI BioPharma Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: November 5, 2015

By: /s/ Louis A. Bianco
Louis A. Bianco
Executive Vice President,
Finance and Administration