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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2020

CTI BIOPHARMA CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-28386
(Commission
File Number)

91-1533912
(I.R.S. Employer
Identification Number)

3101 Western Avenue, Suite 800
Seattle, Washington 98191
(Address of principal executive offices, including zip code)

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

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	CTIC	The Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 3.03. Material Modification to Rights of Security Holders.

The information contained in Item 5.03, below, is hereby incorporated by reference.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On February 13, 2020, CTI BioPharma Corp. (the “Company”) filed the Certificate of Designation of Preferences, Rights and Limitations of Series X Convertible Preferred Stock (the “Certificate of Designation”) with the Secretary of State of the State of Delaware, in connection with a rights offering by the Company referenced in Item 8.01 below. The Certificate of Designation provides for the issuance of shares of the Company’s series X convertible preferred stock, par value \$0.001 per share (the “Series X Preferred”).

In the event of the Company’s liquidation, dissolution or winding up, holders of Series X Preferred will participate *pari passu* with any distribution of proceeds to holders of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), and the Company’s series O convertible preferred stock. Holders of Series X Preferred are entitled to receive dividends on shares of Series X Preferred equal (on an as-if-converted to Common Stock basis, without regard to the Beneficial Ownership Limitation (as defined in the Certificate of Designation)) to and in the same form as dividends actually paid on shares of Common Stock when, as and if such dividends are paid on shares of Common Stock. No other dividends shall be paid on shares of Series X Preferred.

Shares of Series X Preferred generally have no voting rights, except as otherwise expressly provided in the Certificate of Designation or as otherwise required by law. However, as long as any shares of Series X Preferred are outstanding, the Company shall not, without the affirmative vote of the holders of a majority of the then outstanding shares of the Series X Preferred, (i) alter or change adversely the powers, preferences or rights given to the Series X Preferred or alter or amend this Certificate of Designation, amend or repeal any provision of, or add any provision to, the Certificate of Incorporation or bylaws of the Company, or file any articles of amendment, certificate of designations, preferences, limitations and relative rights of any series of preferred stock, if such action would adversely alter or change the preferences, rights, privileges or powers of, or restrictions provided for the benefit of the Series X Preferred, regardless of whether any of the foregoing actions shall be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise, (ii) issue further shares of Series X Preferred or increase or decrease (other than by conversion) the number of authorized shares of Series X Preferred, or (iii) enter into any agreement with respect to any of the foregoing.

Each share of Series X Preferred is convertible into shares of Common Stock at any time at the option of the holder thereof, into the number of shares of Common Stock determined with reference to the Conversion Ratio (as defined in the Certificate of Designation), subject to certain limitations, including that a holder of Series X Preferred is prohibited from converting Series X Preferred into shares of Common Stock if, as a result of such conversion, such holder, together with its affiliates, would own more than 9.99% of the total number of shares of Common Stock issued and outstanding immediately after giving effect to such conversion.

The foregoing description of the Series Preferred does not purport to be complete and is qualified in its entirety by reference to the Certificate of Designation, a copy of which is filed as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 8.01. Other Events.

On February 14, 2020, the Company issued a press release announcing the commencement of a rights offering to stockholders (the “Rights Offering”). A copy of the press release is filed as Exhibit 99.8 hereto. In connection with the Rights Offering, the Company is filing items included as Exhibits 99.1 through 99.7 to this Current Report on Form 8-K for the purpose of incorporating such items as exhibits to the Company’s Registration Statement on Form S-3 (Registration No. 333-221382), of which the prospectus supplement dated February 14, 2020 relating to the Rights Offering is a part.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
3.1	Certificate of Designation for Series X Convertible Preferred Stock
99.1	Form of Instructions as to use of Subscription Rights Certificates
99.2	Form of Letter to Record Holders
99.3	Form of Letter to Nominees
99.4	Form of Letter to Beneficial Owners
99.5	Form of Beneficial Owner Election
99.6	Form of Nominee Holder Certification
99.7	Form of Subscription Rights Certificate
99.8	Press release of CTI BioPharma Corp., dated February 14, 2020

SIGNATURE

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 hereunto duly authorized.

CTI BioPharma Corp.

By: /s/ David H. Kirske
David H. Kirske
Chief Financial Officer

Date: February 14, 2020

CTI BIOPHARMA CORP.
**CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES X CONVERTIBLE PREFERRED STOCK**

PURSUANT TO SECTION 151 OF THE
DELAWARE GENERAL CORPORATION LAW

CTI BIOPHARMA CORP., a Delaware corporation (the “**Corporation**”), in accordance with the provisions of Section 103 of the Delaware General Corporation Law (the “**DGCL**”) does hereby certify that, in accordance with Sections 141(c) and 151 of the DGCL, the following resolution was duly adopted by the Board of Directors, on January 24, 2020:

RESOLVED, pursuant to authority expressly set forth in the Certificate of Incorporation of the Corporation, as amended (the “**Certificate of Incorporation**”), the issuance of a series of Preferred Stock designated as the Series X Convertible Preferred Stock, par value \$0.001 per share, of the Corporation is hereby authorized and the designation, number of shares, powers, preferences, rights, qualifications, limitations and restrictions thereof (in addition to any provisions set forth in the Certificate of Incorporation that are applicable to the Preferred Stock of all classes and series) are hereby fixed, and the Certificate of Designation of Preferences, Rights and Limitations of Series X Convertible Preferred Stock is hereby approved as follows:

SERIES X CONVERTIBLE PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

“**Affiliate**” means any Person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a person or entity, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder will be deemed to be an Affiliate of such Holder.

“**Business Day**” means any day except Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“**Closing Sale Price**” means, for any security as of any date, the last closing trade price for such security prior to 4:00 p.m., New York City time, on the principal securities exchange or trading market where such security is listed or traded, as reported by Bloomberg, L.P. (or an equivalent, reliable reporting service mutually acceptable to and hereafter designated by Holders

of a majority of the then-outstanding Series X Preferred Stock and the Corporation), or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, L.P., or, if no last trade price is reported for such security by Bloomberg, L.P., the average of the bid prices of any market makers for such security as reported on the OTC Pink Market by OTC Markets Group, Inc. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as determined in good faith by the Board of Directors of the Corporation.

“**Commission**” means the Securities and Exchange Commission.

“**Common Stock**” means the Corporation’s common stock, par value of \$0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified into.

“**Conversion Shares**” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Series X Preferred Stock in accordance with the terms hereof.

“**Daily Failure Amount**” means the product of (x) .005 multiplied by (y) the Closing Sale Price of the Common Stock on the applicable Share Delivery Date.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Holder**” means any holder of Series X Preferred Stock.

“**Person**” means any individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Trading Day**” means a day on which the Common Stock is traded for any period on a principal securities exchange or if the Common Stock is not traded on a principal securities exchange, on a day that the Common Stock is traded on another securities market on which the Common Stock is then being traded.

Section 2. Designation, Amount and Par Value; Assignment.

(a) The series of preferred stock designated by this Certificate of Designation shall be designated as the Corporation’s Series X Convertible Preferred Stock (the “**Series X Preferred Stock**”) and the number of shares so designated shall be 4,500. Series X Preferred Stock shall have a par value of \$0.001 per share.

(b) The Corporation shall register shares of the Series X Preferred Stock, upon records to be maintained by the Corporation for that purpose (the “**Series X Preferred Stock Register**”), in

the name of the Holders thereof from time to time. The Corporation may deem and treat the registered Holder of shares of Series X Preferred Stock as the absolute owner thereof for the purpose of any conversion thereof and for all other purposes. Shares of Series X Preferred Stock may be issued solely in book entry form or, if requested by any Holder, such Holder's shares may be issued in certificated form. The Corporation shall register the transfer of any shares of Series X Preferred Stock in the Series X Preferred Stock Register, upon surrender of the certificates (if applicable) evidencing such shares to be transferred, duly endorsed by the Holder thereof, to the Corporation at its address specified herein. Upon any such registration or transfer, a new certificate evidencing the shares of Series X Preferred Stock so transferred shall be issued to the transferee and a new certificate evidencing the remaining portion of the shares not so transferred, if any, shall be issued to the transferring Holder, in each case, within three Business Days. The provisions of this Certificate of Designation are intended to be for the benefit of all Holders from time to time and shall be enforceable by any such Holder.

Section 3. Dividends. Holders shall be entitled to receive, and the Corporation shall pay, dividends on shares of the Series X Preferred Stock (on an as-if-converted-to-Common-Stock basis, without regard to the Beneficial Ownership Limitation) equal to and in the same form, and in the same manner, as dividends (other than dividends on shares of the Common Stock payable in the form of Common Stock) actually paid on shares of the Common Stock when, as and if such dividends (other than dividends payable in the form of Common Stock) are paid on shares of the Common Stock. Other than as set forth in the previous sentence, no other dividends shall be paid on shares of Series X Preferred Stock, and the Corporation shall pay no dividends (other than dividends payable in the form of Common Stock) on shares of the Common Stock unless it simultaneously complies with the previous sentence.

Section 4. Voting Rights; Amendments.

(a) Except as otherwise provided herein or as otherwise required by the DGCL, the Series X Preferred Stock shall have no voting rights. However, as long as any shares of Series X Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Series X Preferred Stock: (i) alter or change adversely the powers, preferences or rights given to the Series X Preferred Stock or alter or amend this Certificate of Designation, amend or repeal any provision of, or add any provision to, the Certificate of Incorporation or bylaws of the Corporation, or file any articles of amendment, certificate of designations, preferences, limitations and relative rights of any series of preferred stock, if such action would adversely alter or change the preferences, rights, privileges or powers of, or restrictions provided for the benefit of the Series X Preferred Stock, regardless of whether any of the foregoing actions shall be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise, (ii) issue further shares of Series X Preferred Stock or increase or decrease (other than by conversion) the number of authorized shares of Series X Preferred Stock, or (iii) enter into any agreement with respect to any of the foregoing.

(b) Any vote required or permitted under Section 4(a) may be taken at a meeting of the Holders of the Series X Preferred Stock or through the execution of an action by written consent in lieu of such meeting, provided that the consent is executed by Holders representing a majority of the outstanding shares of Series X Preferred Stock.

Section 5. Rank; Liquidation.

(a) The Series X Preferred Stock shall rank: (i) senior to the Series ZZ Junior Participating Cumulative Preferred Stock of the Corporation and to any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms junior to any Series X Preferred Stock (“**Junior Securities**”); (ii) on parity with the Common Stock, Series O Preferred Stock, and any other class or series of capital stock of the Corporation hereafter created specifically ranking by its terms on parity with the Series X Preferred Stock (the “**Parity Securities**”); and (iii) junior to any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms senior to any Series X Preferred Stock (“**Senior Securities**”), in each case, as to distributions of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntarily or involuntarily (all such distributions being referred to collectively as “**Distributions**”).

(b) Subject to the prior and superior rights of the holders of any Senior Securities of the Corporation, upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (a “**Liquidation**”), each Holder shall be entitled to receive, in preference to any Distributions of any of the assets or surplus funds of the Corporation to the holders of the Junior Securities, and pari passu with any Distribution to the holders of the Parity Securities, an equivalent amount of Distributions as would be paid on the Common Stock underlying the Series X Preferred Stock, determined on an as-converted basis (without regard to the Beneficial Ownership Limitation), plus an additional amount equal to any dividends declared but unpaid on such shares, before any payments shall be made or any assets distributed to holders of any class of Junior Securities. If, upon any such Liquidation, the assets of the Corporation shall be insufficient to pay the Holders of shares of the Series X Preferred Stock the amount required under the preceding sentence, then all remaining assets of the Corporation shall be distributed ratably to Holders and holders of Parity Securities in accordance with the respective amounts that would be payable on all such securities if all amounts payable thereon were paid in full. A Fundamental Transaction shall not be deemed a Liquidation unless the Corporation expressly declares that such Fundamental Transaction shall be treated as if it were a Liquidation.

Section 6. Conversion.

(a) Conversions at Option of Holder. Subject to Section 6(d)(v), each share of Series X Preferred Stock shall be convertible, at any time and from time to time from and after the date of issuance, at the option of the Holder thereof, into a number of shares of Common Stock equal to the Conversion Ratio. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as **Annex A** (a “**Notice of Conversion**”), duly completed and executed. Other than a conversion following a Fundamental Transaction or following a notice provided for under Section 7(d)(ii) hereof, the Notice of Conversion must specify at least a number of shares of Series X Preferred Stock to be converted equal to the lesser of (x) 100 shares (such number subject to appropriate adjustment following the occurrence of an event specified in Section 7(a) hereof) and (y) the number of shares of Series X Preferred Stock then held by the Holder. Provided the Corporation’s transfer agent is participating in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program, the Notice of

Conversion may specify, at the Holder's election, whether the applicable Conversion Shares shall be credited to the account of the Holder's prime broker with DTC through its Deposit Withdrawal Agent Commission system (a "**DWAC Delivery**"). The "**Conversion Date**", or the date on which a conversion shall be deemed effective, shall be defined as the Trading Day that the Notice of Conversion, completed and executed, is sent via email to, and received during regular business hours by, the Corporation; provided, that the original certificate(s) (if any) representing such shares of Series X Preferred Stock being converted, duly endorsed, and the accompanying Notice of Conversion, are received by the Corporation within two (2) Trading Days thereafter. In all other cases, the Conversion Date shall be defined as the Trading Day on which the original certificate(s) (if any) representing such shares of Series X Preferred Stock being converted, duly endorsed, and the accompanying Notice of Conversion, are received by the Corporation. The calculations set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error.

(b) **Conversion Ratio.** The "**Conversion Ratio**" for each share of Series X Preferred Stock shall be 10,000 shares of Common Stock issuable upon the conversion of each share of Series X Preferred Stock (corresponding to a ratio of 10,000:1).

(c) **Beneficial Ownership Limitation.** Notwithstanding anything herein to the contrary, the Corporation shall not effect any conversion of the Series X Preferred Stock, and a Holder shall not have the right to convert any portion of the Series X Preferred Stock, to the extent that, after giving effect to an attempted conversion set forth on an applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any other Person whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) or Section 16 of the Exchange Act and the applicable regulations of the Commission, including any "group" of which the Holder is a member (the foregoing, "**Attribution Parties**")) would beneficially own a number of shares of Common Stock in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Series X Preferred Stock subject to the Notice of Conversion with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted Series X Preferred Stock beneficially owned by such Holder or any of its Attribution Parties, and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation (including any warrants) beneficially owned by such Holder or any of its Attribution Parties that are subject to a limitation on conversion or exercise similar to the limitation contained herein. For purposes of this Section 6(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the applicable regulations of the Commission. In addition, for purposes hereof, "group" has the meaning set forth in Section 13(d) of the Exchange Act and the applicable regulations of the Commission. For purposes of this Section 6(c), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Corporation's most recent periodic or annual filing with the Commission, as the case may be, (B) a more recent public announcement by the Corporation that is filed with the Commission, or (C) a more recent notice by the Corporation or the Corporation's transfer agent to the Holder setting forth the number of shares of Common Stock then outstanding. Upon the written request of a Holder (which may be by email), the

Corporation shall, within three (3) Trading Days thereof, confirm in writing to such Holder (which may be via email) the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to any actual conversion or exercise of securities of the Corporation, including shares of Series X Preferred Stock, by such Holder or its Attribution Parties since the date as of which such number of outstanding shares of Common Stock was last publicly reported or confirmed to the Holder. The "**Beneficial Ownership Limitation**" shall initially be 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock pursuant to such Notice of Conversion (to the extent permitted pursuant to this Section 6(c)). The Corporation shall be entitled to rely on representations made to it by the Holder in any Notice of Conversion regarding its Beneficial Ownership Limitation. Notwithstanding the foregoing, by written notice to the Corporation, (i) which will not be effective until the sixty-first (61st) day after such written notice is delivered to the Corporation, the Holder may reset the Beneficial Ownership Limitation percentage to a higher percentage, not to exceed the limits under Nasdaq Marketplace Rule 5635(d), to the extent then applicable and (ii) which will be effective immediately after such notice is delivered to the Corporation, the Holder may reset the Beneficial Ownership Limitation percentage to a lower percentage. Upon such a change by a Holder of the Beneficial Ownership Limitation, the Beneficial Ownership Limitation may not be further amended by such Holder without first providing the minimum notice required by this Section 6(c). Notwithstanding the foregoing, at any time following notice of a Fundamental Transaction, the Holder may waive and/or change the Beneficial Ownership Limitation effective immediately upon written notice to the Corporation and may reinstitute a Beneficial Ownership Limitation at any time thereafter effective immediately upon written notice to the Corporation.

(d) Mechanics of Conversion

i. Delivery of Certificate or Electronic Issuance Upon Conversion Not later than two (2) Trading Days after the applicable Conversion Date, or if the Holder requests the issuance of physical certificate(s), two (2) Trading Days after receipt by the Corporation of the original certificate(s) representing such shares of Series X Preferred Stock being converted, duly endorsed, and the accompanying Notice of Conversion (the "**Share Delivery Date**"), the Corporation shall either: (a) deliver, or cause to be delivered, to the converting Holder a physical certificate or certificates representing the number of Conversion Shares being acquired upon the conversion of shares of Series X Preferred Stock, or (b) in the case of a DWAC Delivery (if so requested by the Holder), electronically transfer such Conversion Shares by crediting the account of the Holder's prime broker with DTC through its DWAC system. If in the case of any Notice of Conversion such certificate or certificates for the Conversion Shares are not delivered to or as directed by or, in the case of a DWAC Delivery, such shares are not electronically delivered to or as directed by, the applicable Holder by the Share Delivery Date, the applicable Holder shall be entitled to elect to rescind such Notice of Conversion by written notice to the Corporation at any time on or before its receipt of such certificate or certificates for Conversion Shares or electronic receipt of such shares, as applicable, in which event the Corporation shall promptly return to such Holder any original Series X Preferred Stock certificate delivered to the Corporation and such Holder shall promptly return to the Corporation any Common Stock certificates or otherwise direct the return of any shares of Common Stock delivered to the Holder through the DWAC system, representing the shares of Series X Preferred Stock unsuccessfully tendered for conversion to the Corporation.

ii. Obligation Absolute. Subject to Section 6(c) and Section 6(d)(v) hereof and subject to Holder's right to rescind a Notice of Conversion pursuant to Section 6(d)(i) above, the Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Series X Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares. Subject to Section 6(c) and Section 6(d)(v) hereof and subject to Holder's right to rescind a Notice of Conversion pursuant to Section 6(d)(i) above, in the event a Holder shall elect to convert any or all of its Series X Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or anyone associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Series X Preferred Stock of such Holder shall have been sought and obtained by the Corporation, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the value of the Conversion Shares into which would be converted the Series X Preferred Stock which is subject to such injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall, subject to Section 6(c) and Section 6(d)(v) hereof and subject to Holder's right to rescind a Notice of Conversion pursuant to Section 6(d)(i) above, issue Conversion Shares upon a properly noticed conversion. If the Corporation fails to deliver to a Holder such certificate or certificates, or electronically deliver (or cause its transfer agent to electronically deliver) such shares in the case of a DWAC Delivery, pursuant to Section 6(d)(i) on or prior to the fifth (5th) Trading Day after the Share Delivery Date applicable to such conversion (other than a failure caused by incorrect or incomplete information provided by Holder to the Corporation), then, unless the Holder has rescinded the applicable Notice of Conversion pursuant to Section 6(d)(i) above, the Corporation shall pay (as liquidated damages and not as a penalty) to such Holder an amount payable, at the Corporation's option, either (a) in cash or (b) to the extent that it would not cause the Holder or its Attribution Parties to exceed the Beneficial Ownership Limitation, in shares of Common Stock that are valued for these purposes at the Closing Sale Price on the date of such calculation, in each case equal to the product of (x) the number of Conversion Shares required to have been issued by the Corporation on such Share Delivery Date, (y) an amount equal to the Daily Failure Amount and (z) the number of Trading Days actually lapsed after such fifth (5th) Trading Day after the Share Delivery Date during which such certificates have not been delivered, or, in the case of a DWAC Delivery, such shares have not been electronically delivered; *provided, however*, the Holder shall only receive up to such amount of shares of Common Stock such that Holder and its Attribution Parties and any other persons or entities whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act (including shares held by any "group" of which the Holder is a member, but excluding shares beneficially owned by virtue of the ownership of securities or rights to acquire securities that have limitations on the right to convert, exercise or purchase similar to the

limitation set forth herein) shall not collectively beneficially own greater than the Beneficial Ownership Limitation. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief; provided that Holder shall not receive duplicate damages for the Corporation's failure to deliver Conversion Shares within the period specified herein. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iii. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. If the Corporation fails to deliver to a Holder the applicable certificate or certificates or to effect a DWAC Delivery, as applicable, by the Share Delivery Date pursuant to Section 6(d)(i) (other than a failure caused by incorrect or incomplete information provided by Holder to the Corporation), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "**Buy-In**"), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount by which (x) such Holder's total purchase price (including any brokerage commissions) for the shares of Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that such Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Series X Preferred Stock equal to the number of shares of Series X Preferred Stock submitted for conversion or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(d)(i). For example, if a Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of shares of Series X Preferred Stock with respect to which the actual sale price (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder \$1,000. The Holder shall provide the Corporation written notice, within three (3) Trading Days after the occurrence of a Buy-In, indicating the amounts payable to such Holder in respect of such Buy-In together with applicable confirmations and other evidence reasonably requested by the Corporation. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver certificates representing shares of Common Stock upon conversion of the shares of Series X Preferred Stock as required pursuant to the terms hereof; provided, however, that the Holder shall not be entitled to both (i) require the reissuance of the shares of Series X Preferred Stock submitted for conversion for which such conversion was not timely honored and (ii) receive the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(d)(i).

iv. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that at all times after receipt of stockholder approval after the date hereof to increase the Corporation's shares of authorized Common Stock, it will reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series X Preferred Stock, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders of the Series X Preferred Stock, not less than such aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments of Section 7) upon the conversion of all outstanding shares of Series X Preferred Stock. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and non-assessable.

v. Limitation on Conversion. In the event that any Holder elects to convert shares of Series X Preferred Stock into Conversion Shares pursuant to Section 6(a), the number of shares of Common Stock into which the shares of Series X Preferred Stock can then be converted upon such exercise pursuant to this Certificate of Designation shall not exceed the maximum number of unissued and otherwise unreserved shares of Common Stock which the Corporation may issue under the Certificate of Incorporation at any given time.

vi. Fractional Shares. No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon the conversion of the Series X Preferred Stock. As to any fraction of a share which a Holder would otherwise be entitled to receive upon such conversion, the Corporation shall pay a cash adjustment in respect of such fractional share of Common Stock in an amount equal to such fraction multiplied by the Closing Sale Price.

vii. Transfer Taxes. The issuance of certificates for shares of the Common Stock upon conversion of the Series X Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the registered Holder(s) of such shares of Series X Preferred Stock and the Corporation shall not be required to issue or deliver such certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(e) Status as Stockholder. Upon each Conversion Date, (i) the shares of Series X Preferred Stock being converted shall be deemed converted into shares of Common Stock and (ii) the Holder's rights as a holder of such converted shares of Series X Preferred Stock shall cease and terminate, excepting only the right to receive certificates for such shares of Common Stock and to any remedies provided herein or otherwise available at law or in equity to such Holder because of a failure by the Corporation to comply with the terms of this Certificate of Designation. In all cases, the Holder shall retain all of its rights and remedies for the Corporation's failure to convert Series X Preferred Stock.

Section 7. Certain Adjustments.

(a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Series X Preferred Stock is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of this Series X Preferred Stock) with respect to the then outstanding shares of Common Stock; (B) subdivides outstanding shares of Common Stock into a larger number of shares; or (C) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, then the Conversion Ratio shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately after such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately before such event (excluding any treasury shares of the Corporation). Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

(b) Fundamental Transaction. If, at any time while this Series X Preferred Stock is outstanding, (A) the Corporation effects any merger or consolidation of the Corporation with or into another Person or any stock sale to, or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, share exchange or scheme of arrangement) with or into another Person (other than such a transaction in which the Corporation is the surviving or continuing entity and its Common Stock is not exchanged for or converted into other securities, cash or property), (B) the Corporation effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (C) any tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which more than 50% of the Common Stock not held by the Corporation or such Person is exchanged for or converted into other securities, cash or property, or (D) the Corporation effects any reclassification of the Common Stock or any compulsory share exchange pursuant (other than as a result of a dividend, subdivision or combination covered by Section 7(a) above) to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a "**Fundamental Transaction**"), then, upon any subsequent conversion of this Series X Preferred Stock the Holders shall have the right to receive, in lieu of the right to receive Conversion Shares, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the "**Alternate Consideration**"). For purposes of any such subsequent conversion, the determination of the Conversion Ratio shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall adjust the Conversion Ratio in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holders shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Series X Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and

conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The terms of any agreement to which the Corporation is a party and pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 7(b) and insuring that this Series X Preferred Stock (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction. The Corporation shall cause to be delivered to each Holder, at its last address as it shall appear upon the stock books of the Corporation, written notice of any Fundamental Transaction at least 20 calendar days prior to the date on which such Fundamental Transaction is expected to become effective or close.

(c) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(d) Notice to the Holders.

i. Adjustment to Conversion Ratio. Whenever the Conversion Ratio is adjusted pursuant to any provision of this Section 7, the Corporation shall promptly deliver to each Holder a notice setting forth the Conversion Ratio after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Other Notices. If: (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Series X Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

Section 8. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, via email or sent by a nationally recognized overnight courier service, addressed to the Corporation, at 3101 Western Avenue, Suite 800, Seattle, Washington 98121, Attention: David Kirske, email: dkirske@ctibiopharma.com, with a copy to (which shall not constitute notice) to: Gibson, Dunn & Crutcher LLP, 555 Mission Street, Suite 3000, San Francisco, California 94105, Attention: Ryan Murr, email: rmurr@gibsondunn.com, or such other email address or mailing address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by email at the email address of such Holder appearing on the books of the Corporation, or if no such email address appears on the books of the Corporation, sent by a nationally recognized overnight courier service addressed to each Holder, at the principal place of business of such Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via email at the email address specified in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the date immediately following the date of transmission, if such notice or communication is delivered via email at the email address specified in this Section between 5:30 p.m. and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Lost or Mutilated Series X Preferred Stock Certificate. If a Holder's Series X Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Series X Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership thereof, reasonably satisfactory to the Corporation and, in each case, customary and reasonable indemnity, if requested. Applicants for a new certificate under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Corporation may prescribe.

(c) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation. Any waiver by the Corporation or a Holder must be in writing. Notwithstanding any provision in this

Certificate of Designation to the contrary, any provision contained herein and any right of the Holders of Series X Preferred Stock granted hereunder may be waived as to all shares of Series X Preferred Stock (and the Holders thereof) upon the written consent of the Holders of not less than a majority of the shares of Series X Preferred Stock then outstanding, unless a higher percentage is required by the DGCL, in which case the written consent of the Holders of not less than such higher percentage shall be required.

(d) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(e) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(f) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

(g) Status of Converted Series X Preferred Stock. If any shares of Series X Preferred Stock shall be converted or redeemed by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series X Preferred Stock.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designation this 13th day of February, 2020.

/s/ David H. Kirske

By: David H. Kirske

Title: Chief Financial Officer

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF SERIES X
PREFERRED STOCK)

The undersigned Holder hereby irrevocably elects to convert the number of shares of Series X Preferred Stock indicated below, [represented by stock certificate No(s).] [represented in book-entry form], into shares of common stock, par value \$0.001 per share (the "**Common Stock**"), of CTI BioPharma Corp., a Delaware corporation (the "**Corporation**"), as of the date written below. If securities are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Capitalized terms utilized but not defined herein shall have the meaning ascribed to such terms in that certain Certificate of Designation of Preferences, Rights and Limitations of Series X Convertible Preferred Stock (the "**Certificate of Designation**") filed by the Corporation with the Secretary of State of the State of Delaware on February 13, 2020.

As of the date hereof, the number of shares of Common Stock beneficially owned by the undersigned Holder (together with such Holder's Affiliates, and any other Person whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) or Section 16 of the Exchange Act and the applicable regulations of the Commission, including any "group" of which the Holder is a member (the foregoing, "**Attribution Parties**")), including the number of shares of Common Stock issuable upon conversion of the Series X Preferred Stock subject to this Notice of Conversion, but excluding the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted Series X Preferred Stock beneficially owned by such Holder or any of its Attribution Parties, and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation (including any warrants) beneficially owned by such Holder or any of its Attribution Parties that are subject to a limitation on conversion or exercise similar to the limitation contained in Section 6(c) of the Certificate of Designation, is % . For purposes hereof, beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the applicable regulations of the Commission. In addition, for purposes hereof, "group" has the meaning set forth in Section 13(d) of the Exchange Act and the applicable regulations of the Commission.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Series X Preferred Stock owned prior to Conversion: _____

Number of shares of Series X Preferred Stock to be Converted: _____

Number of shares of Common Stock to be Issued: _____

Address for delivery of physical certificates: _____

or

for DWAC Delivery:

DWAC Instructions:

Broker no: _____

Account no: _____

HOLDER

By: _____

Name:

Title:

Date:

**FORM OF INSTRUCTIONS AS TO USE OF
CTI BIOPHARMA CORP.
SUBSCRIPTION RIGHTS CERTIFICATES**

CONSULT THE INFORMATION AGENT, YOUR BANK OR YOUR BROKER AS TO ANY QUESTIONS

The following instructions relate to a rights offering (the “Rights Offering”) by CTI BioPharma Corp., a Delaware corporation (the “Company”), to the holders of record (the “Record Holders”) of its common stock, par value \$0.001 per share (the “Common Stock”), including shares of Common Stock issuable upon conversion of the Company’s outstanding shares of series O convertible preferred stock, par value \$0.001 (the “Series O Preferred”), as described in the prospectus supplement (and the accompanying prospectus) dated February 14, 2020 (the “Prospectus”).

In the Rights Offering, Record Holders as of 5:00 p.m., New York City time, on February 13, 2020 (the “Record Date”), are receiving at no charge, non-transferable subscription rights (the “Subscription Rights”) to subscribe for and purchase up to an aggregate of 60,000,000 shares of Common Stock and/or up to 4,500 shares of the Company’s series X convertible preferred stock, par value \$0.001 per share (the “Series X Preferred” and collectively, the “Rights Offering Shares”).

The Subscription Rights are evidenced by non-transferable rights certificates (the “Rights Certificates”). The number of Subscription Rights to which you are entitled is printed on the face of your Rights Certificate.

The Subscription Rights will expire if not exercised prior to 5:00 p.m., New York City time, on **March 2, 2020**, unless extended by the Company (the “Expiration Time”).

Each Record Holder will receive 0.90412 Subscription Rights for each share of Common Stock, including shares of Common Stock issuable upon conversion of the Company’s outstanding shares of Series O Preferred, owned of record as of 5:00 p.m., New York City time, on the Record Date. The total number of Subscription Rights issued to each Record Holder will be rounded down to the nearest whole number. Each whole Subscription Right allows the holder thereof to subscribe for one share of Common Stock at a purchase price of \$1.00 per share (the “Subscription Price”) (or an equivalent number of shares of Series X Preferred on the terms described in the Prospectus). Any participant in the Rights Offering, who following exercise of such participant’s Subscription Rights would become a holder of greater than 9.9% of the outstanding number of shares of Common Stock following the Rights Offering, may elect to instead purchase Series X Preferred at a purchase price of \$10,000 per share (ratably adjusted for fractional shares). Any such holder so electing would have a right to purchase 1/10,000th of a share of Series X Preferred for each share of Common Stock it had a right to purchase pursuant to its Subscription Rights.

Each holder of Subscription Rights will be required to submit payment in full to Computershare Trust Company, N.A., as subscription agent (the “Subscription Agent”), for all the Rights Offering Shares such holder of Subscription Rights wishes to buy pursuant to the exercise of its Subscription Rights, which must be received by the Subscription Agent prior to the Expiration Time.

The Company will not be required to issue Rights Offering Shares to you if the Subscription Agent does not receive your payment (whether delivered directly if you are a Record Holder or indirectly through your broker, dealer, custodian bank or other nominee if you are a beneficial owner but not a Record Holder) prior to the Expiration Time, regardless of when you send the subscription payment and related documents. The Company may extend the Expiration Time by giving oral or written notice to the Subscription Agent prior to the Expiration Time. If the Company elects to extend the Expiration Time, it will issue a press release announcing such extension.

YOUR RIGHTS CERTIFICATE AND SUBSCRIPTION PRICE PAYMENT FOR EACH SUBSCRIPTION RIGHT THAT IS EXERCISED PURSUANT TO THE SUBSCRIPTION RIGHT, INCLUDING FINAL CLEARANCE OF ANY CHECKS, MUST BE RECEIVED BY THE SUBSCRIPTION AGENT, PRIOR TO THE EXPIRATION TIME.

ONCE A HOLDER OF SUBSCRIPTION RIGHTS HAS EXERCISED ITS SUBSCRIPTION RIGHT, SUCH EXERCISE MAY NOT BE REVOKED.

SUBSCRIPTION RIGHTS NOT EXERCISED PRIOR TO THE EXPIRATION TIME OF THE RIGHTS OFFERING WILL EXPIRE AND WILL BE OF NO VALUE.

1. Method of Subscription – Exercise of Rights.

To exercise Subscription Rights, complete your Rights Certificate and send the properly completed and executed Rights Certificate evidencing such Subscription Rights with any signatures required to be guaranteed so guaranteed, together with payment in full of the Subscription Price for each Rights Offering Share subscribed for pursuant to the Subscription Right, to the Subscription Agent, prior to the Expiration Time. Payment of the Subscription Price will be held in a segregated account to be maintained by the Subscription Agent.

All payments must be made in U.S. dollars for the full number of Rights Offering Shares being subscribed for by personal check payable to “Computershare Trust Company, N.A.”

Payments will be deemed to have been received upon clearance of any uncertified check.

If paying by uncertified personal check, please note that the funds paid thereby may take five or more business days to clear. Accordingly, holders of Subscription Rights who wish to pay the aggregate Subscription Price by means of uncertified personal check are urged to make payment sufficiently in advance of the Expiration Time to ensure that such payment is received and clears by such date.

All Rights Certificates, payments of the Subscription Price and nominee holder certifications, to the extent applicable to your exercise of Rights, must be delivered by mail or overnight courier to the Computershare Trust Company, N.A., as subscription agent (the “Subscription Agent”) as follows:

Computershare Trust Company, N.A.
Attn: Voluntary Corporate Actions
150 Royall St – Suite V
Canton, MA 02021

Delivery to an address other than the address above does not constitute valid delivery.

If you have any questions, require assistance regarding the method of exercising Subscription Rights or require additional copies of relevant documents, please contact Georgeson LLC, as information agent (the “Information Agent”), at 1290 Avenue of the Americas, 9th Floor, New York, NY 10104, or by phone at (888) 613-9988.

By making arrangements with your bank or broker for the delivery of funds on your behalf, you may also request such bank or broker to exercise the Rights Certificate on your behalf.

Brokers, custodian banks and other nominee holders who exercise the Subscription Rights on behalf of beneficial owners of Subscription Rights will be required to certify to the Subscription Agent and the Company as to the aggregate number of Subscription Rights that have been exercised by each beneficial owner of Subscription Rights (including such nominee itself) on whose behalf such nominee holder is acting.

If you do not indicate the number of Subscription Rights being exercised, or do not forward full payment of the Subscription Price for all of the Subscription Rights you purport to exercise, then you will be deemed to have exercised your Subscription Rights with respect to the maximum number of whole Subscription Rights that may be exercised with the aggregate amount of Subscription Price you delivered to the Subscription Agent.

If the Company does not apply your full Subscription Price payment to your purchase of Rights Offering Shares, the excess subscription payment received by the Subscription Agent will be returned to you, without interest or penalty, as soon as practicable.

2. Issuance of Rights Offering Shares.

Unless otherwise requested, all Rights Offering Shares that you purchase in the Rights Offering will be issued in book-entry, or uncertificated, form. When issued, the Rights Offering Shares will be registered in the name of the Record Holder. As soon as practicable after the expiration of the Rights Offering (including after all prorations and adjustments contemplated by the terms of the Rights Offering, as described in the Prospectus, have been effected), the Subscription Agent will arrange for the issuance of the Rights Offering Shares allotted to the holders exercising their Subscription Rights in the Rights Offering.

As soon as practicable after the Expiration Time and after all prorations and adjustments contemplated by the terms of the Rights Offering, as described in the Prospectus, have been effected, any excess subscription payment received by the Subscription Agent will be returned, without interest or penalty.

3. Non-Transferability of Subscription Rights.

The Subscription Rights are exercisable only by Record Holders, and you may not sell, transfer, assign or otherwise dispose of your Subscription Rights to anyone else.

4. Execution.

(a) *Execution by Registered Holder.* The signature on the Rights Certificate must correspond with the name of the registered holder exactly as it appears on the face of the Rights Certificate without any alteration or change whatsoever. Persons who sign the Rights Certificate in a representative or other fiduciary capacity must indicate their capacity when signing and, unless waived by the Subscription Agent in its sole and absolute discretion, must present to the Subscription Agent satisfactory evidence of their authority to so act.

(b) *Execution by Person Other than Registered Holder.* If the Rights Certificate is executed by a person other than the holder named on the face of the Rights Certificate, proper evidence of authority of the person executing the Rights Certificate must accompany the same unless the Company, in its sole discretion, dispenses with proof of authority.

5. Method of Delivery.

The method of delivery of Rights Certificates and payment of the aggregate Subscription Price to the Subscription Agent will be at the election and risk of the holder of Subscription Rights. If you send an uncertified check, payment will not be deemed to have been received by the Subscription Agent until the check has cleared. Any personal check used to pay for Rights Offering Shares must clear the appropriate financial institutions prior to the Expiration Time. The clearinghouse may require five or more business days. Accordingly, holders of Subscription Rights that wish to pay the Subscription Price by means of an uncertified personal check are urged to make payment sufficiently in advance of the Expiration Time to ensure such payment is received and clears by such date.

6. Determinations Regarding the Exercise of Your Subscription Rights.

The Company will decide, in its sole discretion, all questions concerning the timeliness, validity, form and eligibility of the exercise of your Subscription Rights. Any such determinations by the Company will be final and binding. The Company, in its sole discretion, may waive, in any particular instance, any defect or irregularity or permit, in any particular instance, a defect or irregularity to be corrected within such time as the Company may determine. The Company will not be required to make uniform determinations in all cases. The Company may reject the exercise of any of your Subscription Rights because of any defect or irregularity.

The Company will not accept any exercise of Subscription Rights until all irregularities have been waived by the Company or cured by you within such time as the Company decides, in its sole discretion.

Neither the Company, the Subscription Agent nor the Information Agent will be under any duty to notify you of any defect or irregularity in connection with your submission of Subscription Rights Certificates, and none of them will be liable for failure to notify you of any defect or irregularity. The Company reserves the right to reject your exercise of Subscription Rights if the Company determines that your exercise is not in accordance with the terms of the Rights Offering, as set forth in the Prospectus and these Instructions as to Use, or in proper form. The Company will also not accept the exercise of your Subscription Rights if the Company's issuance of Rights Offering Shares to you could be deemed unlawful under applicable law.

FORM OF LETTER TO RECORD HOLDERS**CTI BIOPHARMA CORP.**

Subscription Rights to Purchase Shares of Common Stock and/or Series X Preferred

February 14, 2020

Dear CTI BioPharma Corp. Stockholder:

This letter is being distributed by CTI BioPharma Corp. (the “Company”) to all holders of record of shares of its common stock, par value \$0.001 per share (the “Common Stock”), including shares of Common Stock issuable upon conversion of the Company’s outstanding shares of series O convertible preferred stock, par value \$0.001 (the “Series O Preferred”), as of 5:00 p.m., New York City time, on February 13, 2020 (the “Record Date”), in connection with the distribution of non-transferable subscription rights (the “Subscription Rights”) to such holders to subscribe for and purchase shares of Common Stock in a rights offering (the “Rights Offering”) for a purchase price of \$1.00 per share (the “Subscription Price”). Any participant in the Rights Offering, who following the exercise of such participant’s Subscription Rights would become a holder of greater than 9.9% of the outstanding number of shares of Common Stock following the Rights Offering, may elect to instead purchase series X convertible preferred stock, par value \$0.001 per share (the “Series X Preferred”), at a purchase price of \$10,000 per share (ratably adjusted for fractional shares). Any such holder so electing would have a right to purchase 1/10,000th of a share of Series X Preferred for each share of Common Stock it had a right to purchase pursuant to its Subscription Rights. The Company is offering up to an aggregate of 60,000,000 shares of Common Stock in the Rights Offering and/or up to 4,500 shares of Series X Preferred (collectively, the “Shares”). The Rights and the Shares are described in the prospectus supplement (and the accompanying prospectus), dated February 14, 2020 (the “Prospectus”), covering the offer and sale of the Shares issuable upon the exercise of the Subscription Rights.

As described in the Prospectus, you will receive 0.90412 Subscription Rights for each share of Common Stock, including shares of Common Stock issuable upon conversion of the Company’s outstanding shares of Series O Preferred, owned of record by you of which you are a record holder as of 5:00 p.m., New York City time, on the Record Date. The Subscription Rights are evidenced by a non-transferable certificate (the “Rights Certificate”) registered in your name and will cease to have any value as of 5:00 p.m., New York City time, on **March 2, 2020**, unless the Rights Offering is extended by the Company as described below (the “Expiration Time”). The total number of Subscription Rights issued to you will be rounded down to the nearest whole number and each whole Subscription Right will allow you to subscribe for one share of Common Stock at the Subscription Price (or an equivalent number of shares of Series X Preferred on the terms described in the Prospectus).

As further described in the Prospectus, the Company has entered into an Investment Agreement (the “Investment Agreement”) with the following existing stockholders of the Company (or affiliates thereof): BVF Partners L.P. (“BVF”), Stonepine Capital, L.P., OrbiMed Private Investments VI, LP and New Enterprise Associates, Inc. (collectively, the “Investors”), pursuant to which the Investors have agreed to, severally and not jointly, purchase from the Company any and all Shares not subscribed for in the Rights Offering, in the form of Common Stock and/or Series X Preferred, as further described in the Prospectus. Each Investor also will have the same right as other stockholders to subscribe for and purchase Shares under its Subscription Rights. The Investment Agreement with the Investors is described in more detail in the Prospectus. Mr. Matthew Perry, a member of the Company’s Board of Directors, is a representative of BVF. Mr. Perry recused himself from the approval by the Company’s Board of Directors of the Investment Agreement.

The Subscription Rights will expire and be of no value if not exercised prior to the Expiration Time.

The Company may extend the Expiration Time by giving oral or written notice to the Subscription Agent prior to the Expiration Time. If the Company elects to extend the Expiration Time, it will issue a press release announcing such extension.

You will be required to submit payment in full for all of the Shares you wish to purchase pursuant to the exercise of your Subscription Rights prior to the Expiration Time.

As soon as practicable after the Expiration Time and after any and all prorations and adjustments contemplated by the terms of the Rights Offering, as described in the Prospectus, have been effected, any excess subscription payment received by Computershare Trust Company, N.A. (the "Subscription Agent") from you will be returned to you, without interest or penalty.

Enclosed are copies of the following documents:

1. **The Prospectus;**
2. **A Non-Transferable Rights Certificate evidencing the Subscription Rights for which you are the holder of record; and**
3. **Instructions as to use of CTI BioPharma Corp. Subscription Rights Certificates.**

Your prompt action is requested. To exercise your Subscription Rights, you must promptly deliver the properly completed and signed Rights Certificate accompanying this letter, with payment of the Subscription Price in full for each Share subscribed pursuant to the Subscription Rights to the Subscription Agent, as indicated in the Prospectus. **The Subscription Agent must receive the Rights Certificate with full payment of the Subscription Price, including final clearance of any checks, prior to the Expiration Time.**

You cannot revoke the exercise of your Subscription Rights. Subscription Rights not exercised prior to the Expiration Time will expire and be of no value.

Additional copies of the enclosed materials may be obtained from, and any questions or requests for assistance concerning the Rights Offering should be directed to Georgeson LLC, the Information Agent at (888) 613-9988.

Very truly yours,

CTI BIOPHARMA CORP.

**FORM OF LETTER TO NOMINEES
CTI BIOPHARMA CORP.**

Subscription Rights to Purchase Shares of Common Stock and/or Series X Preferred Stock

February 14, 2020

To Securities Dealers, Commercial Banks
Trust Companies and Other Nominees:

This letter is being distributed to securities dealers, commercial banks, trust companies and other nominees in connection with a rights offering (the "Rights Offering") by CTI BioPharma Corp. (the "Company") to the holders of record (the "Record Holders") of its common stock, par value \$0.001 per share (the "Common Stock"), including shares of Common Stock issuable upon conversion of the Company's outstanding shares of series O convertible preferred stock, par value \$0.001 (the "Series O Preferred"), as described in the prospectus supplement (and the accompanying prospectus) dated February 14, 2020 (the "Prospectus"). In the Rights Offering, Record Holders as of 5:00 p.m., New York City time, on February 13, 2020 (the "Record Date"), are receiving, at no charge, non-transferable subscription rights (the "Subscription Rights") to subscribe for and purchase up to an aggregate of 60,000,000 shares of Common Stock and/or up to 4,500 shares of the Company's series X convertible preferred stock, par value \$0.001 per share ("Series X Preferred" and collectively, the "Shares").

The Subscription Rights will expire, if not exercised prior to 5:00 p.m., New York City time, on **March 2, 2020**, unless extended by the Company as described below (the "Expiration Time").

As described in the Prospectus, each beneficial owner of shares of Common Stock held through you or your nominee is entitled to 0.90412 Subscription Rights for each share of Common Stock owned of record, or issuable upon conversion of the shares of the Company's Series O Preferred owned of record, as of the Record Date. The total number of Subscription Rights issued will be rounded down to the nearest whole number. Each whole Subscription Right allows the holder thereof to subscribe for one share of Common Stock at a purchase price of \$1.00 per share (the "Subscription Price") (or an equivalent number of shares of Series X Preferred on the terms described in the Prospectus). Any participant in the rights offering, who following exercise of such participant's Subscription Rights would become a holder of greater than 9.9% of the outstanding number of shares of Common Stock following the Rights Offering, may elect to instead purchase Series X Preferred at a purchase price of \$10,000 per share (ratably adjusted for fractional shares). Any such holder so electing would have a right to purchase 1/10,000th of a share of Series X Preferred for each share of Common Stock it had a right to purchase pursuant to its Subscription Rights.

As further described in the Prospectus, the Company has entered into an Investment Agreement (the "Investment Agreement") with the following existing stockholders of the Company (or affiliates thereof): BVF Partners L.P. ("BVF"), Stonepine Capital, L.P., OrbiMed Private Investments VI, LP and New Enterprise Associates, Inc. (collectively, the "Investors"), pursuant to which the Investors have agreed to, severally and not jointly, purchase from the Company any and all Shares not subscribed for in the Rights Offering, in the form of Common Stock and/or Series X Preferred, as further described in the Prospectus. Each Investor also will have the same right as other stockholders to subscribe for and purchase Shares under its Subscription Rights. The Investment Agreement with the Investors is described in more detail in the Prospectus. Mr. Matthew Perry, a member of the Company's Board of Directors, is a representative of BVF. Mr. Perry recused himself from the approval by the Company's Board of Directors of the Investment Agreement.

The Subscription Rights will expire and be of no value, if not exercised prior to the Expiration Time.

The Company may extend the Expiration Time by giving oral or written notice to the Subscription Agent prior to the Expiration Time. If the Company elects to extend the Expiration Time, it will issue a press release announcing such extension.

Each holder of Subscription Rights will be required to submit payment in full for all of the Shares such holder wishes to purchase pursuant to the exercise of the Subscription Right prior to the Expiration Time.

As soon as practicable after the Expiration Time and after any and all prorations and adjustments contemplated by the terms of the Rights Offering, as described in the Prospectus, have been effected, any excess subscription payment received by Computershare Trust Company, N.A. (the "Subscription Agent") will be returned, without interest or penalty.

The Company is asking persons who hold shares of Common Stock beneficially and who have received the Subscription Rights distributable with respect to those shares through a broker, dealer, commercial bank, trust company or other nominee, as well as persons who hold certificates of Common Stock directly and prefer to have such institutions effect transactions relating to the Subscription Rights on their behalf, to contact the appropriate institution or nominee and request it to effect the transactions for them.

All commissions, fees and other expenses (including brokerage commissions and transfer taxes), other than fees and expenses of the Subscription Agent, incurred in connection with the exercise of the Subscription Rights will be for the account of the holder of the Subscription Rights, and none of such commissions, fees or expenses will be paid by the Company or the Subscription Agent.

Enclosed are copies of the following documents:

1. **The Prospectus;**
2. **A form of letter which may be sent to your clients for whose accounts you hold shares of Common Stock registered in your name or Cede & Co. (including a Beneficial Owner Election Form), with an attached form of instruction; and**
3. **Nominee Holder Certification.**

Your prompt action is requested. To exercise the Subscription Rights, you must promptly deliver the properly completed and signed Nominee Holder Certification accompanying this letter, with payment of the aggregate Subscription Price in full for each Share subscribed pursuant to the Subscription Right to the Subscription Agent, as indicated in the Prospectus. **The Subscription Agent must receive the Nominee Holder Certification with full payment of the Subscription Price, including final clearance of any checks, prior to the Expiration Time.**

A holder of Subscription Rights cannot revoke the exercise of such holder's Subscription Rights. Subscription Rights not exercised prior to the Expiration Time will expire and be of no value.

Additional copies of the enclosed materials may be obtained from Georgeson LLC, which is serving as the Information Agent. Georgeson LLC can be reached at (888) 613-9988 in connection with requests for materials or questions or requests for assistance concerning the Rights Offering.

Very truly yours,

CTI BIOPHARMA CORP.

**FORM OF LETTER TO BENEFICIAL OWNERS
CTI BIOPHARMA CORP.**

Subscription Rights to Purchase Shares of Common Stock and/or Series X Preferred

February 14, 2020

To Our Clients:

Enclosed for your consideration is a prospectus supplement (and the accompanying prospectus), dated February 14, 2020 (the "Prospectus"), that relates to the offering (the "Rights Offering") by CTI BioPharma Corp. (the "Company") to the holders of record (the "Record Holders") of its common stock, par value \$0.001 per share (the "Common Stock"), including shares of Common Stock issuable upon conversion of the Company's outstanding shares of series O convertible preferred stock, par value \$0.001 (the "Series O Preferred"). In the Rights Offering, Record Holders as of 5:00 p.m., New York City time, on February 13, 2020 (the "Record Date"), are receiving, at no charge, non-transferable subscription rights (the "Subscription Rights") to subscribe for and purchase up to an aggregate of 60,000,000 shares of Common Stock and/or up to 4,500 shares of the Company's series X convertible preferred stock, par value \$0.001 per share (the "Series X Preferred" and collectively, the "Shares").

As described in the Prospectus, you will receive 0.90412 Subscription Rights for each share of Common Stock owned of record, or issuable upon conversion of the shares of the Company's Series O Preferred owned of record, as of the Record Date. The Subscription Rights are evidenced by a non-transferable certificate (the "Rights Certificate") registered in your name and will cease to have any value as of 5:00 p.m., New York City time, on **March 20, 2020**, unless extended by the Company as described below (the "Expiration Time"). The total number of Subscription Rights issued to each stockholder will be rounded down to the nearest whole number. Each whole Subscription Right will allow you to subscribe for one share of Common Stock at a purchase price of \$1.00 per share (the "Subscription Price") (or an equivalent number of shares of Series X Preferred on the terms described in the Prospectus). If, following the exercise of your Subscription Rights you would become a holder of greater than 9.9% of the outstanding number of shares of Common Stock following the Rights Offering, you may elect to instead purchase Series X Preferred at a purchase price of \$10,000 per share (ratably adjusted for fractional shares). If you elect to do so, you will have a right to purchase 1/10,000th of a share of Series X Preferred for each share of Common Stock you had a right to purchase pursuant to your Subscription Rights.

As further described in the Prospectus, the Company has entered into an Investment Agreement (the "Investment Agreement") with the following existing stockholders of the Company (or affiliates thereof): BVF Partners L.P. ("BVF"), Stonepine Capital, L.P., OrbiMed Private Investments VI, LP and New Enterprise Associates, Inc. (collectively, the "Investors"), pursuant to which the Investors have agreed to, severally and not jointly, purchase from the Company any and all Shares not subscribed for in the Rights Offering, in the form of Common Stock and/or Series X Preferred, as further described in the Prospectus. Each Investor also will have the same right as other stockholders to subscribe for and purchase Shares under its Subscription Rights. The Investment Agreement with the Investors is described in more detail in the Prospectus. Mr. Matthew Perry, a member of the Company's Board of Directors, is a representative of BVF. Mr. Perry recused himself from the approval by the Company's Board of Directors of the Investment Agreement.

The Subscription Rights will expire and be of no value, if not exercised prior to the Expiration Time.

The Company may extend the Expiration Time by giving oral or written notice to the Subscription Agent prior to the Expiration Time. If the Company elects to extend the Expiration Time, it will issue a press release announcing such extension.

You will be required to submit payment in full for all of the Shares you wish to purchase pursuant to the exercise of the Subscription Right prior to the Expiration Time.

As soon as practicable after the Expiration Time and after any and all prorations and adjustments contemplated by the terms of the Rights Offering, as described in the Prospectus, have been effected, any excess subscription payment received by Computershare Trust Company, N.A. (the "Subscription Agent") will be returned to you, without interest or penalty.

THE MATERIALS ENCLOSED ARE BEING FORWARDED TO YOU AS THE BENEFICIAL OWNER OF COMMON STOCK CARRIED BY US IN YOUR ACCOUNT BUT NOT REGISTERED IN YOUR NAME. EXERCISES AND SALES OF RIGHTS MAY BE MADE ONLY BY US AS YOUR BROKER, DEALER, CUSTODIAN BANK OR OTHER NOMINEE AND PURSUANT TO YOUR INSTRUCTIONS.

Accordingly, we request instructions as to whether you wish us to elect to subscribe for any Shares to which you are entitled pursuant to your Subscription Rights on the terms and subject to the conditions set forth in the enclosed Prospectus. **However, we urge you to read the Prospectus carefully before instructing us to exercise your Subscription Rights.**

If you wish to have us, on your behalf, exercise the Subscription Rights for any Shares to which you are entitled, please so instruct us by completing, executing and returning to us the Beneficial Owner Election Form enclosed with this letter.

Your instructions to us should be forwarded as promptly as possible in order to permit us to exercise the Subscription Rights on your behalf in the Rights Offering. **The Rights Offering will expire, and the Subscription Rights will not be exercisable and will have no value, at the Expiration Time. Once you have exercised the Subscription Right, such exercise may not be revoked.**

Additional copies of the enclosed materials may be obtained from Georgeson LLC, 1290 Avenue of the Americas, 9th Floor, New York, NY 10104, the Information Agent for the Rights Offering. The Information Agent's telephone number is (888) 613-9988. Any questions or requests for assistance concerning the Rights Offering should be directed to the Information Agent at the same number.

Very truly yours,

CTI BioPharma Corp.

BENEFICIAL OWNER ELECTION FORM

The undersigned acknowledge(s) receipt of your letter and the enclosed materials relating to the grant of non-transferable subscription rights (the "Subscription Rights") to subscribe for and to purchase shares of common stock, par value \$0.001 per share (the "Common Stock"), of CTI BioPharma Corp. (the "Company") at a purchase price of \$1.00 per share. Any participant in the rights offering, who following the exercise of such participant's Subscription Rights would become a holder of greater than 9.9% of the outstanding number of shares of Common Stock following the rights offering (a "Preferred Eligible Holder"), may elect to instead purchase the Company's series X convertible preferred stock, par value \$0.001 per share (the "Series X Preferred"), at a purchase price of \$10,000 per share (ratably adjusted for fractional shares). Any such holder so electing would have a right to purchase 1/10,000th of a share of Series X Preferred for each share of Common Stock it had a right to purchase pursuant to its Subscription Rights, as described in the Prospectus.

With respect to any instructions to exercise (or not to exercise) Subscription Rights, the undersigned acknowledges that this form must be completed and returned such that it will actually be received by you by 5:00 p.m., New York City time, on February 28, 2020, the last business day prior to the scheduled expiration date of the rights offering of March 2, 2020 (which may be extended by the Company).

This will instruct you whether to exercise the Subscription Rights to purchase shares of Common Stock and/or Series X Preferred distributed with respect to the shares of Common Stock and/or the Company's series O convertible preferred stock, held through you as broker, dealer, custodian bank or other nominee for the account of the undersigned, pursuant to the terms and subject to the conditions set forth in the prospectus supplement (and accompanying prospectus), dated **February 14, 2020** (the "Prospectus"), and the related "Instructions as to use of CTI BioPharma Corp. Subscription Rights Certificates."

I (we) hereby instruct you as follows:

(CHECK THE APPLICABLE BOXES AND PROVIDE ALL REQUIRED INFORMATION)

Box 1. Please **DO NOT EXERCISE RIGHTS**.

Box 2. Please **EXERCISE RIGHTS** as set forth below:

	Number of Shares of Common Stock Subscribed For		Subscription Price		Payment
Common Subscription Right	x		\$ 1.00	=	\$

	Number of Shares of Series X Preferred Subscribed For		Subscription Price		Payment
Series X Preferred Subscription Right (for Preferred Eligible Holders):	x		\$ 10,000.00	=	\$

If you are NOT a Preferred Eligible Holder and you apply to purchase shares of Series X Preferred, you will not receive any, but will instead receive an equivalent number of shares of Common Stock in consideration for the same purchase price.

Box 3. Payment in the following amount is enclosed: \$

Box 4. Please deduct payment of \$ _____ from the following account maintained by you as follows:

(The total of Box 3 and Box 4 must equal the Total Payment Required specified above under Box 2.)

Type of Account _____ Account No. _____

I (we) on my (our) own behalf, or on behalf of any person(s) on whose behalf, or under whose directions, I am (we are) signing this form:

- irrevocably elect to purchase the number of shares of Common Stock and/or Series X Preferred indicated above upon the terms and conditions specified in the Prospectus; and
- agree that if I (we) fail to pay for the shares of Common Stock and/or Series X Preferred in full I (we) have elected to purchase pursuant to the exercise of the Subscription Right, you may exercise any remedies available to you under law.

Name of beneficial owner(s): _____

Signature of beneficial owner(s): _____

If you are signing in your capacity as a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or another acting in a fiduciary or representative capacity, please provide the following information:

Name: _____

Capacity: _____

Address (including Zip Code): _____

Telephone Number: _____

NOMINEE HOLDER CERTIFICATION

CTI BIOPHARMA CORP.

The undersigned, a broker, custodian bank, trustee, depository or other nominee holder of non-transferable subscription rights (the "Subscription Rights") to purchase shares of common stock, par value \$0.001 per share (the "Common Stock"), and/or shares of series X convertible preferred stock, par value \$0.001 per share (the "Series X Preferred"), of CTI BioPharma Corp. (the "Company"), pursuant to the rights offering (the "Rights Offering") described and provided for in the Company's prospectus supplement (and the accompanying prospectus), dated February 14, 2020 (the "Prospectus"), hereby certifies to Computershare Trust Company, N.A., as subscription agent for the Rights Offering, that the undersigned has exercised, on behalf of the beneficial owners thereof (which may include the undersigned), the number of Subscription Rights specified below:

Number of Shares of Common Stock Owned (or issuable upon conversion of the shares of Series O Convertible Preferred Stock) on the Record Date	Subscription Rights Exercised
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____

[Note: Any participant in the Rights Offering, who following the exercise of such participant's Subscription Rights would become a holder of greater than 9.9% of the outstanding number of shares of Common Stock following the Rights Offering, may elect to instead purchase Series X Preferred at a purchase price of \$10,000 per share (ratably adjusted for fractional shares). Any such holder so electing would have a right to purchase 1/10,000th of a share of Series X Preferred for each share of Common Stock it had a right to purchase pursuant to its Subscription Rights, as described in the Prospectus.]

Provide the following information if applicable:

 Depository Trust Company ("DTC")
 Participant Number

[NAME OF NOMINEE]

By: _____

Name: _____

Title: _____

DTC Basic Subscription Confirmation Number(s)

CTI BioPharma Corp.



Computershare Trust Company, N.A.
 250 Royall Street
 Canton Massachusetts 02021
 Within USA, US territories & Canada
 XXX XXX XXXX
 Outside USA, US territories & Canada
 XXX XXXX



MR A SAMPLE
 DESIGNATION (IF ANY)
 ADD 1
 ADD 2
 ADD 3
 ADD 4
 ADD 5
 ADD 6



C 1234567890 JNT



Primary Subscription Rights 12345678901234

CTI BIOPHARMA CORP. SUBSCRIPTION RIGHTS OFFERING

THIS SUBSCRIPTION RIGHTS OFFERING EXPIRES AT 5:00 PM, NEW YORK CITY TIME, ON March 2, 2020, UNLESS THE EXERCISE PERIOD IS EXTENDED (SUCH DATE AND TIME, AS IT MAY BE EXTENDED, THE "EXPIRATION DATE").

CTI BioPharma Corp. (the "Company") has distributed to each holder (each an "Eligible Holder") of its common stock ("Common Stock") owned as of record, including shares of Common Stock issuable upon conversion of the Company's outstanding shares of series O convertible preferred stock, as of 5:00 p.m. New York City time on February 13, 2020 (the "Record Date"), at no charge, 0.90412 nontransferable right for each share of Common Stock held as of the Record Date to purchase one share of Common Stock, at a purchase price of \$1.00 per full share of Common Stock, per each whole right (the "Subscription Rights"). The terms and conditions of the Subscription Rights offering are set forth in the Company's prospectus supplement (and accompanying prospectus), dated February 14, 2020 (as it may be amended or supplemented, the "Prospectus"), which are incorporated into this Rights Certificate by reference. As more fully described in the Prospectus, any Eligible Holder participating in the Subscription Rights offering, who following the exercise of such Eligible Holder's Subscription Rights would become a holder of greater than 9.9% of the outstanding number of shares of Common Stock following the Subscription Rights offering (a "Preferred Eligible Holder"), may elect to instead purchase the Company's non-voting series X convertible preferred stock (the "Series X Preferred") at a purchase price of \$10,000 per full share of Series X Preferred (ratably adjusted for fractional shares). Capitalized terms used but not defined herein have the meanings set forth in the Prospectus. Copies of the Prospectus are available upon request from Georgeson LLC, the information agent, at 1290 Avenue of the Americas, 9th Floor, New York, NY 10104 or call (888) 613-9988.

The owner of this certificate is entitled to the number of Subscription Rights, and is entitled to exercise the Subscription Rights for the number of shares, shown on this Rights Certificate.

THE SUBSCRIPTION RIGHTS ARE NON-TRANSFERABLE

The Subscription Rights are non-transferable. The Subscription Rights will not be listed on any securities exchange or quoted on any automated quotation system.

EXERCISE PRICE

The exercise price for the Subscription Rights is \$1.00 per full share of Common Stock or, if applicable, \$10,000 per full share of Series X Preferred. The total number of Subscription Rights issued to each Eligible Holder will be rounded down to the nearest whole number.

METHOD OF EXERCISE OF RIGHTS

IN ORDER TO EXERCISE YOUR SUBSCRIPTION RIGHTS, YOU MUST PROPERLY COMPLETE AND SIGN THIS RIGHTS CERTIFICATE ON THE BACK AND RETURN IT TO COMPUTERSHARE TRUST COMPANY, N.A. (THE "RIGHTS AGENT"), TOGETHER WITH PAYMENT IN FULL FOR AN AMOUNT EQUAL TO THE APPLICABLE EXERCISE PRICE MULTIPLIED BY THE TOTAL NUMBER OF SHARES OF COMMON STOCK THAT YOU ARE REQUESTING TO PURCHASE, BEFORE 5:00 P.M. NEW YORK CITY TIME, ON MARCH 2, 2020.

Holder ID	COY	Class	Rights Qty Issued	Rights Cert #
123456789	XXXX	Subscription Rights	XXX.XXXXXX	12345678
Signature of Owner and U.S. Person for Tax Certification		Signature of Co-Owner (if more than one registered holder listed)		Date (mm/dd/yyyy)
<input type="text"/>		<input type="text"/>		<input type="text"/>

12345678 CLS XRT2 COYC

00000A

Full payment of the exercise price for each share you wish to purchase must be made in U.S. dollars by (1) certified check drawn upon a U.S. bank payable to the Rights Agent, or (2) cashier's check drawn upon a U.S. bank or express money order payable to the Rights Agent, in each case in accordance with the "Instructions as to use of CTI BioPharma Corp. Subscription Rights Certificates" that accompanied the mailing of the Prospectus. Notwithstanding the foregoing, Eligible Holders who hold shares as a depository or nominee must make all payments by wire transfer of immediately available funds to the account maintained by the Rights Agent.

Payments of the exercise price will be held in an escrow account until five business days following the Expiration Date, unless the Company withdraws or terminates the Subscription Rights offering. No interest will be paid to you on the funds you deposit with the Rights Agent. You will not receive any interest on the payments held by the Rights Agent before your shares have been issued to you or your payment is returned to you, without interest, because your exercise has not been satisfied for any reason.

PLEASE PRINT ALL INFORMATION CLEARLY AND LEGIBLY			
Section 1: OFFERING INSTRUCTIONS			
To subscribe for shares pursuant to your Subscription Rights, please complete line (a) AND/OR (b).			
Exercise of Subscription Rights			
(a) I apply for	_____ shares x (no. of new Common Stock shares)	\$1.00 (exercise price)	= \$ _____ (amount enclosed)
(b) I apply for	_____ shares x (no. of new Series X Preferred shares)	\$10,000 (exercise price)	= \$ _____ (amount enclosed)
[NOTE: If you are NOT a Preferred Eligible Holder and you apply to purchase shares of Series X Preferred, you will not receive any, but will instead receive an equivalent number of shares of Common Stock in consideration for the same purchase price.]			
PLEASE DISREGARD THIS MAILING IF YOU DO NOT WISH TO EXERCISE YOUR RIGHT TO SUBSCRIBE.			
Section 2: SUBSCRIPTION AUTHORIZATION			
I acknowledge that I have received the Prospectus for this offering of Subscription Rights and I hereby subscribe for the number of shares indicated above on the terms and conditions specified in the Prospectus relating to the subscription in the Subscription Rights offering.			
Signature of Subscriber(s)			

(and address if different than that listed on this Subscription Certificate)			

Telephone number (including area code): _____			

Please complete all applicable information and return to: Computershare Trust Company, N.A.

By First Class Mail: Computershare Trust Company, N.A., Corporate Actions Voluntary Offer, P.O. Box 43011, Providence, RI 02940-3011

By Express Mail or Overnight Delivery: Computershare Trust Company, N.A., Corporate Actions Voluntary Offer, 250 Royall Street, Suite V, Canton, MA 02021

DELIVERY OF THIS RIGHTS CERTIFICATE TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

Any questions regarding this Rights Certificate and Subscription Rights offering may be directed to Georgeson LLC toll free at (888)613-9988



CTI BioPharma Announces Commencement of Rights Offering

SEATTLE, February 14, 2020 - CTI BioPharma Corp. (Nasdaq: CTIC) today commenced its previously announced rights offering to raise gross proceeds of approximately \$60.0 million (the "Rights Offering"). Under the terms of the Rights Offering, the holders, as of 5:00 p.m., New York time, on February 13, 2020, of CTI BioPharma's common stock (the "Common Stock") and series O convertible preferred stock (the "Series O Preferred"), are entitled to exercise their subscription rights to purchase their *pro rata* share (assuming full conversion of the Series O Preferred into shares of Common Stock) of the \$60.0 million offering amount, as more fully described in the prospectus supplement (and accompanying prospectus), dated February 14, 2020, relating to the Rights Offering (the "Prospectus"). Each subscription right may be exercised to purchase a share of Common Stock at a subscription price equal to \$1.00 per share of Common Stock or, in lieu of Common Stock, an equivalent number of shares of non-voting series X convertible preferred stock (the "Series X Preferred") at a purchase price equal to \$10,000 per share of Series X Preferred. The subscription rights may be exercised at any time during the subscription period of February 14, 2020 through 5:00 p.m., New York time, on March 2, 2020.

The Rights Offering will be fully backstopped by BVF Partners L.P., Stonepine Capital, L.P., OrbiMed Private Investments VI, LP and New Enterprise Associates, Inc. (the "Backstop Investors") each of which have agreed to purchase its respective as-converted *pro rata* share of the offering amount, plus an additional amount of Common Stock or Series X Preferred that are not subscribed for by other purchasers in the Rights Offering, for a total of up to \$60.0 million.

CTI BioPharma reserves the right to modify, extend, postpone or cancel the Rights Offering at any time prior to the closing of the sale of the securities offered in the Rights Offering. CTI BioPharma has engaged Georgeson LLC to act as information agent with respect to the Rights Offering. For questions regarding the Rights Offering, or to obtain copies of the Prospectus and any related materials, please contact Georgeson LLC by telephone at 888-613-9988.

CTI BioPharma has filed a shelf registration statement (including a prospectus supplement) with the Securities and Exchange Commission (the “SEC”). Before you invest, you should read the Prospectus and the other documents CTI BioPharma has filed with the SEC for more complete information about CTI BioPharma and the Rights Offering. This press release is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities in any jurisdiction, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

About CTI BioPharma Corp.

CTI BioPharma Corp. is a biopharmaceutical company focused on the acquisition, development and commercialization of novel targeted therapies for blood-related cancers that offer a unique benefit to patients and their healthcare providers. In particular, we are focused on evaluating pacritinib for the treatment of adult patients with myelofibrosis. CTI BioPharma is headquartered in Seattle, Washington.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding our expectations regarding plans, amounts and timing for the Rights Offering, the purchase of unsubscribed securities by the Backstop Investors and expectations regarding participation in the Rights Offering.

Risks Related to Forward-Looking Statements

The forward-looking statements contained in this press release are based on current assumptions that involve risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from those expressed or implied by such forward-looking statements. These risks and uncertainties, many of which are beyond our control, include, but are not limited to risks identified in our filings with the SEC. These forward-looking statements speak only as of the date hereof and we assume no obligation to update these forward-looking statements, and readers are cautioned not to place undue reliance on such forward-looking statements.

“CTI BioPharma” and the CTI BioPharma logo are registered trademarks or trademarks of CTI BioPharma Corp. in various jurisdictions. All other trademarks belong to their respective owner.

CTI BioPharma Investor Contacts:

Maeve Conneighton/Maghan Meyers
+212-600-1902
cti@argotpartners.com

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