

CTI BIOPHARMA CORP

Form DEF 14A

April 04, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

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Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CTI BioPharma Corp.

(Name of Registrant as Specified In Its Charter)

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(3) Filing Party:

(4) Date Filed:

CTI BIOPHARMA CORP.  
3101 Western Avenue, Suite 800  
Seattle, Washington 98121

Notice of Annual Meeting of Stockholders to the Stockholders of CTI BioPharma Corp.:  
to be held at 10:00 a.m. (Pacific time) on Thursday, May 16, 2019

CTI BioPharma Corp., a Delaware corporation, will hold its 2019 annual meeting of stockholders on Thursday, May 16, 2019 at 10:00 a.m. (Pacific time). The meeting will be a completely virtual meeting of stockholders. You can attend the meeting by visiting [www.virtualshareholdermeeting.com/CTIC2019](http://www.virtualshareholdermeeting.com/CTIC2019) where you will be able to listen to the meeting live, submit questions and vote online. Because the meeting is completely virtual and being conducted via the internet, stockholders will not be able to attend the meeting in person.

We are holding the meeting for the following purposes, as more fully described in the accompanying proxy statement:

- (1) To elect as directors the six nominees named in the proxy statement to serve until the 2020 annual meeting of stockholders or until their successors are duly qualified and elected;  
To approve an amendment to our certificate of incorporation to increase the total number of authorized shares from
- (2) 101,533,333 to 131,533,333 and to increase the total number of authorized shares of our common stock from 101,500,000 to 131,500,000;
- (3) To approve an increase of 2,000,000 shares reserved for issuance pursuant to our Amended and Restated 2017 Equity Incentive Plan;
- (4) To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2019;
- (5) To approve, by non-binding advisory vote, the compensation of our named executive officers;
- (6) To approve the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt any of the foregoing proposals; and
- (7) To transact such other business as may properly come before the meeting and all adjournments and postponements thereof.

Our board of directors has fixed the close of business on March 22, 2019 as the record date for the meeting. Only stockholders of record on March 22, 2019 are entitled to notice of and to vote at the meeting. Further information regarding voting rights and the matters to be voted upon is presented in the accompanying proxy statement.

On or about April 4, 2019 we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy statement and annual report. The Notice provides instructions on how to vote via the Internet, telephone or by mail (if you receive printed proxy materials) and includes instructions on how to receive a paper copy of our proxy materials. The accompanying proxy statement and our annual report can be accessed directly at the following Internet address: [www.proxyvote.com](http://www.proxyvote.com). All you have to do is enter the control number located on your Notice or proxy card.

**YOUR VOTE IS VERY IMPORTANT.** Whether or not you plan to attend the 2019 annual meeting of stockholders, we urge you to please cast your vote as soon as possible using one of the methods described in the accompanying proxy statement.

By Order of the Board of Directors

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Adam R. Craig  
Chief Executive Officer  
Seattle, Washington  
April 4, 2019

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CTI BIOPHARMA CORP.

3101 Western Avenue, Suite 800

Seattle, Washington 98121

PROXY STATEMENT

PROXY SUMMARY

This summary highlights information described in more detail elsewhere in this proxy statement. It does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. Page references are provided to help you find further information.

CTI BioPharma Corp. will hold its 2019 annual meeting of stockholders (the “Annual Meeting”) virtually on Thursday, May 16, 2019 at 10:00 a.m. (Pacific time). You can attend the Annual Meeting by visiting [www.virtualshareholdermeeting.com/CTIC2019](http://www.virtualshareholdermeeting.com/CTIC2019), where you will be able to listen to the meeting live, submit questions and vote online. Because the Annual Meeting is completely virtual and being conducted via the internet, stockholders will not be able to attend the meeting in person.

The information provided below is for your convenience only and is merely a summary of the information contained in this proxy statement. You should read this entire proxy statement carefully. Information contained on, or that can be accessed through, our website is not intended to be incorporated by reference into this proxy statement and references to our website address in this proxy statement are inactive textual references only.

On or about April 4, 2019 we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access our proxy statement and annual report. The Notice provides instructions on how to vote via the Internet, telephone or by mail (if you receive printed proxy materials) and includes instructions on how to receive a paper copy of our proxy materials. The accompanying proxy statement and our annual report can be accessed directly at the following Internet address: [www.proxyvote.com](http://www.proxyvote.com). All you have to do is enter the control number located on your Notice or proxy card.

## Summary of Voting Matters

|  | Board Vote<br>Recommendation | Page<br>Reference |
|--|------------------------------|-------------------|
| 1. Election of the six nominees named in this proxy statement to our board of directors, to serve until the 2020 annual meeting of stockholders or until their successors are duly qualified and elected.  | FOR ALL Nominees             | 8                 |
| 2. Approval of an amendment to our certificate of incorporation to increase the total number of authorized shares from 101,533,333 to 131,533,333 and to increase the total number of authorized shares of our common stock from 101,500,000 to 131,500,000. | FOR                          | 19                |
| 3. Approve an increase of 2,000,000 shares reserved for issuance pursuant to our Amended and Restated 2017 Equity Incentive Plan.  | FOR                          | 21                |
| 4. Ratification of selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2019.  | FOR                          | 30                |
| 5. Approval, by non-binding advisory vote, of the compensation of our named executive officers.  | FOR                          | 34                |
| 6. Approval of adjournment of the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting.  | FOR                          | 52                |

## GENERAL INFORMATION CONCERNING THE ANNUAL MEETING

### Annual Meeting Agenda

This proxy statement and the accompanying form of proxy card are furnished in connection with the solicitation of proxies by our board of directors for use at our Annual Meeting.

At the Annual Meeting, stockholders will be asked to:

1. elect as directors the six nominees named in this proxy statement to serve until the 2020 annual meeting of stockholders or until their successors are duly qualified and elected;
2. approve an amendment to our certificate of incorporation to increase the total number of authorized shares from 101,533,333 to 131,533,333 and to increase the total number of authorized shares of our common stock from 101,500,000 to 131,500,000;
3. approve an increase of 2,000,000 shares reserved for issuance pursuant to our Amended and Restated 2017 Equity Incentive Plan;
4. ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2019;
5. approve, by non-binding advisory vote, the compensation of our named executive officers;
6. approve the adjournment of the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to adopt any of the foregoing proposals; and
7. transact such other business as may properly come before the Annual Meeting and all adjournments and postponements thereof.

### Delivery of Proxy Materials

On or about April 4, 2019, proxy materials for the Annual Meeting, including this proxy statement, are being made available to stockholders entitled to vote at the Annual Meeting. We are using the rules promulgated by the Securities and Exchange Commission (the “SEC”) that allow issuers to furnish proxy materials to their stockholders on the Internet. We believe these rules allow us to provide you with the information you need while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting. Pursuant to such rules, we are mailing to many of our stockholders a Notice of Internet Availability of Proxy Materials (the “Notice”) instead of a paper copy of this proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2018 (the “2018 Annual Report”). The Notice contains instructions on how to access those documents and vote online. The Notice also contains instructions on how each of those stockholders can receive a paper copy of the proxy materials, including this proxy statement, the 2018 Annual Report, and a form of proxy card or voting instruction card. Stockholders who do not receive a Notice, such as stockholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail.

### Solicitation of Proxies

This solicitation is made on behalf of our board of directors. All expenses in connection with the solicitation of proxies will be borne by us. In addition to solicitation by mail, our officers, directors or other regular employees may solicit proxies by telephone, facsimile, electronic communication or in person. These individuals will not receive any additional compensation for these services.

### Record Date, Eligibility to Vote, Voting Rights and Outstanding Shares

Holders of our common stock as of the close of business on March 22, 2019, the record date for the Annual Meeting, will be entitled to notice of, and to vote at, the Annual Meeting. Each holder of record of our common stock, par value \$0.001 per share,

outstanding on the record date will be entitled to one vote per share on all matters to be voted upon at the Annual Meeting. As of the close of business on the record date, there were 57,979,325 shares of our common stock issued and outstanding.

#### Quorum, Abstentions, Required Vote and Broker Non-Votes

##### Overview

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions, withheld votes, and broker non-votes. Abstentions represent a stockholder's affirmative choice to decline to vote on a proposal. Properly executed proxy cards that are marked "abstain" or "withhold all" on any proposal, as applicable, will be treated as abstentions for that proposal. Broker non-votes occur when a broker holding shares for a beneficial owner does not vote on a particular matter because such broker does not have discretionary authority to vote on that matter and has not received voting instructions from the beneficial owner. Brokers typically do not have discretionary authority to vote on non-routine matters. Under applicable rules, brokers have discretionary authority to vote on routine matters when they have not received timely voting instructions from the beneficial owner. The routine versus non-routine matters to be voted upon at the Annual Meeting are discussed in greater detail below.

##### Quorum

A quorum of stockholders must be established at the Annual Meeting in order to transact business at the Annual Meeting. Under the General Corporation Law of the State of Delaware and pursuant to our bylaws and certificate of incorporation, the presence in person or by proxy of the holders of at least one-third of the votes entitled to be cast at the Annual Meeting constitutes a quorum. Abstentions and broker non-votes will be counted in determining whether a quorum is present. In the absence of a quorum, the chairman of the Annual Meeting may adjourn the Annual Meeting.

##### Vote Required and Effect of Abstentions and Broker Non-Votes on Vote

Except in the case of the election of directors and the proposal to approve the amendment to our certificate of incorporation, adoption of the proposals requires the affirmative vote of the holders of a majority of the common stock represented at the Annual Meeting and voting affirmatively or negatively on such matter. This means that, of the shares represented at the Annual Meeting and entitled to vote, a majority of them must be voted "for" the proposal for it to be approved. Abstentions will have no effect on the outcome of the proposals because approval is based on the number of affirmative or negative votes cast on such matter.

The election of directors requires a plurality vote of the shares of common stock voted at the meeting. "Plurality" means that the individuals who receive the largest number of votes cast "for" are elected as directors. As a result, any shares not voted "for" a particular nominee (whether as a result of an abstention or a broker non-vote) will not be counted in such nominee's favor and will have no effect on the outcome of the election. We do not have cumulative voting rights for the election of directors. Additional information on the vote required for each proposal and the effect of uninstructed shares and abstentions on each proposal is set forth in the table below:



| Proposal  | Vote Required  | Broker Non-Votes Allowed | Abstentions | You May Vote             |
|---|--|--------------------------|-------------|--------------------------|
| Proposal 1 – Election of Directors  | Plurality of Votes Present and Entitled to Vote                | No                       | No Effect   | FOR or AGAINST           |
| Proposal 2 – Approval of Amendment to Certificate of Incorporation  | Majority of Outstanding Shares                                 | No                       | No Effect   | FOR, AGAINST, or ABSTAIN |
| Proposal 3 – Approval of Increase of Shares Reserved for Issuance Pursuant to the Amended and Restated 2017 Equity Incentive Plan | Majority of Votes Present and Cast Affirmatively or Negatively | No                       | No Effect   | FOR, AGAINST, or ABSTAIN |
| Proposal 4 – Ratification of Ernst & Young as Auditor   | Majority of Votes Present and Cast Affirmatively or Negatively | Yes                      | No Effect   | FOR, AGAINST or ABSTAIN  |
| Proposal 5 – Advisory Vote on Executive Compensation  | Majority of Votes Present and Cast Affirmatively or Negatively | No                       | No Effect   | FOR, AGAINST or ABSTAIN  |
| Proposal 6 – Adjournment and Solicitation of Additional Proxies   | Majority of Votes Present and Cast Affirmatively or Negatively | Yes                      | No Effect   | FOR, AGAINST or ABSTAIN  |

#### Methods of Voting

##### Beneficial Stockholders

If you own shares through a broker, bank or other holder of record, you will need to instruct the holder of record how to vote your shares. In order to provide voting instructions to the holder of record of your shares, please refer to the materials forwarded by your broker, bank or other holder of record. You may not vote your shares in person at the Annual Meeting unless you obtain a “legal proxy” from the bank, broker or other holder of record that holds your shares, giving you the right to vote the shares at the Annual Meeting.

##### Registered Stockholders

If you own shares that are registered in your name, you may vote by proxy before the Annual Meeting by internet at [www.proxyvote.com](http://www.proxyvote.com), by calling 1-800-690-6903 or by signing and returning your proxy card. To vote by internet or telephone, you will need your 16-digit voting control number, which can be found on your proxy card or Notice. If you return a signed proxy card but do not provide voting instructions for some or all of the matters to be voted on, your shares will be voted on all uninstructed matters in accordance with the recommendations of our board of directors. You may also vote your shares through attendance at the Annual Meeting by visiting [www.virtualshareholdermeeting.com/CTIC2019](http://www.virtualshareholdermeeting.com/CTIC2019), where stockholders may vote and submit questions during the meeting (have your Notice or proxy card in hand when you visit the website).

##### Deadline to Vote Shares

If you are a stockholder of record who holds shares in record name, your proxy must be received by telephone or the internet by 11:59 p.m. (Eastern time) on May 15, 2019 in order for your shares to be voted at the Annual Meeting. You also have the option of completing, signing, dating and returning the proxy card so that it is received prior to the adjournment of the Annual Meeting on May 16, 2019 in order for your shares to be voted at the Annual Meeting. If you hold your shares through a broker, bank or other nominee (e.g., as a beneficial owner), please comply with the deadlines included in the voting instruction card provided by the bank, broker or other nominee that holds your shares. Virtually Attending the Annual Meeting

You will be able to attend the Annual Meeting online, submit your questions during the meeting and vote your shares electronically at the meeting by visiting [www.virtualshareholdermeeting.com/CTIC2019](http://www.virtualshareholdermeeting.com/CTIC2019). Because the Annual Meeting is completely virtual and being conducted via the internet, stockholders will not be able to attend the meeting in person. However, stockholders will be afforded the same rights and opportunities to participate as they would at an in-person meeting. To participate in the Annual Meeting, you will need the control number included on your Notice or proxy card. The Annual Meeting webcast will begin promptly at 10:00 a.m. (Pacific time). We encourage you to access the meeting prior to the start time. Online check-in will begin at 9:50 a.m. (Pacific time), and you should allow ample time for the check-in procedures.

You may submit questions at the Annual Meeting through any of the following methods:

Prior to the Annual Meeting, by logging on to [www.proxyvote.com](http://www.proxyvote.com) using the control number included on your Notice or proxy card or accessing the site via their email, clicking the "Submit a Question for Management" field on the right-hand side of the page, and selecting the "Submit Question" button. A pop-up window will appear where you may type your question in the text box, optionally select a topic from the drop-down box and fill in their details. Once done, click "Submit" to submit your question, after which a confirmation message will be displayed.

By live text during the Annual Meeting, by accessing [www.virtualshareholdermeeting.com/CTIC2019](http://www.virtualshareholdermeeting.com/CTIC2019) using the control number included on your Notice or proxy card. You can then submit a live text question by typing in the "Ask a Question" box.

By telephone during the Annual Meeting, by calling the number listed on [www.virtualshareholdermeeting.com/CTIC2019](http://www.virtualshareholdermeeting.com/CTIC2019). You will be connected to an operator who will ask which meeting you would like to join. Please tell the operator that you would like to join the Annual Meeting of CTI BioPharma Corp. and be ready to provide the control number included on your Notice or proxy card upon request. If your control number is valid, you will be placed in a queue to ask a question at the appropriate time during the meeting, when you will be able to ask your question over the phone and hear the response. You may remain on the line after asking your question if you choose.

Instructions on how to attend and participate virtually, including how to demonstrate proof of stock ownership, are posted at [www.virtualshareholdermeeting.com/CTIC2019](http://www.virtualshareholdermeeting.com/CTIC2019). If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support number that will be posted at [www.virtualshareholdermeeting.com/CTIC2019](http://www.virtualshareholdermeeting.com/CTIC2019).

#### Revocability of Proxies

You may change your vote or revoke your proxy at any time before your proxy is voted at the Annual Meeting. Any stockholder of record executing a proxy has the power to revoke it at any time prior to the voting thereof on any matter by delivering written notice of revocation of your proxy to our Secretary, David H. Kirske, at our principal executive offices, or by executing and delivering another proxy dated as of a later date or by attending and voting, virtually via the Internet, during the Annual Meeting. However, your attendance during the Annual Meeting will not automatically revoke your proxy unless you specifically so request. For shares held through a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or other nominee, or by obtaining a legal proxy from your broker, bank or other nominee giving you the right to vote your shares at the Annual Meeting. Attendance at the Annual Meeting will not, by itself, revoke a proxy. A stockholder's last vote is the vote that will be counted.

#### Absence of Specific Voting Instruction; Additional Matters That May Come Before Annual Meeting

If a quorum is established at the Annual Meeting, all shares of our common stock represented by properly executed proxies that are not revoked will be voted in accordance with the instructions, if any, given in those proxies. Proxy cards that are signed and returned without specifying a vote or an abstention on any proposal specified in the proxy card will be voted according to the recommendations of our board of directors on such proposals, which recommendations are in favor of each of the proposals, and will be voted, in the proxy holders' discretion, upon such other matter or matters that may properly come before the Annual Meeting and any such postponements or

adjournments thereof. As of the date of this proxy statement, we know of no business other than the proposals that will be presented for action at the Annual Meeting. All proxy cards, whether received prior to or after the original date of the Annual Meeting, will be valid as to any postponements or adjournments of the Annual Meeting.

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#### Stockholder Proposals and Recommendations

Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at the next annual meeting of stockholders by submitting their proposals in writing to our corporate secretary in a timely manner. For a stockholder proposal to be considered for inclusion in our proxy statement for our 2020 annual meeting of stockholders, our corporate secretary must receive the written proposal at our principal executive offices not later than December 6, 2019. In addition, stockholder proposals must comply with the requirements of Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

CTI BioPharma Corp.

Attention: Corporate Secretary

3101 Western Avenue, Suite 800

Seattle, Washington 98121

You may propose director candidates for consideration by our nominating and corporate governance committee. Any such recommendations should include the nominee's name and qualifications for membership on our board of directors and should be directed to our corporate secretary at the address set forth above. For additional information regarding stockholder recommendations for director candidates, see "Board of Directors and Corporate Governance — Stockholder Recommendations."

In addition, our bylaws permit stockholders to nominate directors for election at an annual meeting of stockholders. To nominate a director, the stockholder must provide the information required by our bylaws. In addition, the stockholder must give timely notice to our Corporate Secretary in accordance with our bylaws, which, in general, require that the notice be received by our Corporate Secretary within the time period described under "Board of Directors and Corporate Governance — Nomination of Director Candidates and Proposals Not Intended for Inclusion in Proxy Materials."

## PROPOSAL 1: ELECTION OF DIRECTORS

## Summary

Our board of directors currently comprises six members. Five of our directors are independent within the meaning of the independent director guidelines of The Nasdaq Stock Market (“Nasdaq”). Our certificate of incorporation and bylaws provide that the number of our directors shall be between five and twelve persons and will be fixed by resolution of our board of directors.

Our board of directors has, upon the recommendation of the nominating and governance committee, nominated each of Dr. Craig, Dr. Fischer, Mr. Metzger, Dr. Parkinson, Mr. Perry, and Dr. Tuckson to one-year terms of office that would expire at the 2020 annual meeting of stockholders. Each of the nominees is an incumbent director recommended for re-election by the nominating and governance committee.

Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If any nominee is unable to serve or, for good cause, will not serve as a director at the time of the Annual Meeting, the persons named as proxies may vote for a substitute nominee designated by our existing board of directors to fill the vacancy or for the balance of the nominees, leaving a vacancy, unless our board of directors chooses to reduce the number of directors serving on our board of directors. As of the date of this proxy statement, we have no reason to believe that any of the nominees will be unable or unwilling to stand as a nominee or to serve as a director if elected.

## Nominees for Director

The table below provides the names and certain other biographical information for each of the nominees for election as a director as of March 22, 2019.

| Name  | Age | Position  | Director Since |
|---|-----|---|----------------|
| Adam R. Craig, M.D., Ph.D.                        | 53  | Director, Chief Executive Officer, President, Interim Chief Medical Officer | 2017           |
| Laurent Fischer, M.D. <sup>(1)(2)(3)</sup>        | 55  | Chairman of the Board   | 2017           |
| Michael A. Metzger <sup>(1)(2)</sup>              | 48  | Director  | 2017           |
| David Parkinson, M.D. <sup>(2)</sup>              | 68  | Director  | 2017           |
| Matthew D. Perry <sup>(2)</sup>                   | 46  | Director  | 2016           |
| Reed V. Tuckson, M.D., F.A.C.P. <sup>(1)(3)</sup> | 68  | Director  | 2011           |

<sup>(1)</sup> Member of the audit committee.

<sup>(2)</sup> Member of the compensation committee.

<sup>(3)</sup> Member of the nominating and governance committee.

Adam R. Craig, M.D., Ph.D., has served as one of our directors and as our President and Chief Executive Officer since March 2017. Dr. Craig worked as an independent consultant providing strategic and operational advice and support to CTI BioPharma and other hematology/oncology biotechnology companies since 2016. Prior to consulting, Dr. Craig was Chief Medical Officer and Executive Vice President of Development of Sunesis Pharmaceuticals from 2012 to 2016. From 2008 to 2012, Dr. Craig was Chief Medical Officer and Senior Vice President of Chemgenex Pharmaceuticals Ltd, a biotechnology company which was acquired by Cephalon/Teva Pharmaceuticals in 2011. Dr. Craig is a Member of the Royal College of Physicians (U.K.) and undertook Post-Graduate Training in Pediatrics and Pediatric Oncology. Dr. Craig earned his Bachelor’s and Medical degrees from Charing Cross and Westminster Medical School, University of London, and holds a Ph.D. in Molecular Oncology from Leeds University in the U.K. and an MBA from the Open Business School, in the U.K. Dr. Craig has served as a Product Development Reviewer for the Cancer Prevention Research Institute of Texas.

Dr. Craig's experience as an executive in the pharmaceutical industry, knowledge of biopharmaceuticals, and leadership role within our organization were the primary qualifications that have led the board of directors to conclude that he should serve on our board of directors.

Laurent Fischer, M.D., has been one of our directors since July 2017. Dr. Fischer was appointed Senior Vice President, Head of the Liver Therapeutic Area at Allergan following the acquisition of Tobira Therapeutics, where he served as Chief Executive Officer. Dr. Fischer has served as a Senior Advisor on the Frazier Healthcare Partners' Life Sciences team since March 2017. He was previously chairman and CEO of Jennerex, Inc., a company with a first-in-class oncolytic immunotherapy for Liver Cancer acquired for \$150 million by Sillajen. He was co-founder, president and CEO of Ocera Therapeutics and held senior positions at DuPont-Merck, DuPont Pharmaceuticals, and Hoffmann-La Roche in liver disease, virology and oncology. Dr. Fischer received his undergraduate degree from the University of Geneva and his medical degree from the Geneva Medical School, Switzerland.

Dr. Fischer's experience as an executive in the pharmaceutical industry, knowledge of biopharmaceuticals, and his service as the chairman of the board of directors were the primary qualifications that have led the board of directors to conclude that he should serve on our board of directors.

Michael A. Metzger has been one of our directors since January 2017. Mr. Metzger is currently president and chief operating officer of Syndax Pharmaceuticals, Inc., an immuno-oncology biopharmaceutical company. Mr. Metzger served as president and chief executive officer of Regado Biosciences, Inc. from 2013 to 2015, where he oversaw the company's successful merger with Tobira Therapeutics, Inc. in 2015 and acted as an advisor to Tobira during its subsequent sale to Allergan in 2016. Previously, Mr. Metzger served as executive vice president and chief operating officer at Mersana Therapeutics, a biotechnology company developing novel immunoconjugate therapies for cancer, from 2011 to 2013 and in senior business development positions including leading mergers and acquisitions at Forest Laboratories, Inc. from 2006 to 2011. Mr. Metzger served as vice president corporate development at Onconova Therapeutics, Inc., from 2001 until 2006, and was a managing director at MESA Partners, Inc., a venture capital firm, from 1997 to 2001. Mr. Metzger holds a B.A. from George Washington University and an M.B.A. in Finance from the New York University Stern School of Business.

Mr. Metzger's business and management experience in the biopharmaceutical industry were the primary qualifications that have led the board of directors to conclude that he should serve on our board of directors.

David R. Parkinson, M.D., has been one of our directors since June 2017. Dr. Parkinson has served as President and Chief Executive Officer of Essa Pharmaceuticals, Inc. since 2016, and as a member of the board of directors of Essa Pharmaceuticals, Inc. since 2015. Dr. Parkinson has served as a venture partner at New Enterprise Associates (NEA), Inc. since 2012 and in 2016 moved to the role of venture advisor to NEA. From 2007 until 2012, Dr. Parkinson served as President and CEO of Nodality, a biotechnology company focused on the biological characterization of signaling pathways in patients with malignancy to enable more effective therapeutics development and clinical decision-making. Dr. Parkinson has previously led oncology clinical development activities at Novartis (1997-2003), Amgen (2003-2006) and Biogen Idec (2006-2007). He worked at the National Cancer Institute from 1990 to 1997, serving as Chief of the Investigational Drug Branch, and then as Acting Associate Director of the Cancer Therapy Evaluation Program (CTEP). Dr. Parkinson is a past Chairman of the Food & Drug Administration (FDA) Biologics Advisory Committee, has also served on the FDA's Science Board, and is a recipient of the FDA's Cody Medal. Dr. Parkinson received his medical degree from the University of Toronto, has held academic positions both at Tufts and at the University of Texas MD Anderson Cancer Center, and has authored over 100 peer-reviewed publications.

Dr. Parkinson's business and management experience in the biopharmaceutical and healthcare industry, as well as his experience at the FDA, were the primary qualifications that have led the board of directors to conclude that he should serve on our board of directors.

Matthew D. Perry has been one of our directors since January 2016. Mr. Perry is the President of BVF Partners L.P. and portfolio manager for the underlying funds managed by the firm. BVF Partners L.P. is a private investment partnership that has focused on small-cap, value oriented investment opportunities for more than 20 years. Mr. Perry joined BVF Partners L.P. in December 1996 and has been a successful lead investor in dozens of transactions and has positively influenced corporate direction for numerous biotechnology companies during the course of his career. Mr. Perry is also a co-founder and director of Nordic Biotech Advisors ApS, a venture capital



firm based in Copenhagen, Denmark. In February 2017, Mr. Perry was appointed to the Board of Directors of Xoma Corporation. He holds a B.S. from the Biology Department at the College of William and Mary.

Mr. Perry's management consulting experience and his experience investing in biotechnology companies were the primary qualifications that have led the board of directors to conclude that he should serve on our board of directors. Reed V. Tuckson, M.D., F.A.C.P., has been one of our directors since September 2011. Dr. Tuckson serves as the Managing Director of Tuckson Health Connections, a private consulting company. From December 2006 to March 2014, Dr. Tuckson served as the Executive Vice President and Chief of Medical Affairs of UnitedHealth Group and, from November 2000 to December 2006, he served as Senior Vice President of Clinical Affairs of UnitedHealth Group. Dr. Tuckson also served as Senior Vice President, Professional Standards, for the American Medical Association, President of the Charles R. Drew University of Medicine and Science in Los Angeles, Senior Vice President for Programs of the March of Dimes Birth Defects Foundation and Commissioner of Public Health for the District of Columbia. He currently serves on the board of directors of the Alliance for Health Policy, Project Sunshine, LifePoint Health, InformGenomics, and on the Advisory Board of the National Institute of Health Clinical Center and on several committees of the National Academy of Medicine. Dr. Tuckson received his B.S. in zoology from Howard University and his M.D. from the Georgetown University School of Medicine, and he completed the Hospital of the University of Pennsylvania's General Internal Medicine Residency and Fellowship programs.

Dr. Tuckson's experience as a healthcare executive and consultant across health and medical care sectors were the primary qualifications that have led the board of directors to conclude that he should serve on our board of directors.

**THE BOARD RECOMMENDS**

**A VOTE "FOR ALL" OF THE NOMINEES NAMED ABOVE.**



## BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### Attributes and Independence

We believe that our board of directors as a whole should encompass a range of talent, skill, diversity and expertise enabling it to provide sound guidance with respect to our operations and interests. In addition to considering a candidate's background and accomplishments, candidates are reviewed in the context of the current composition of our board of directors and the evolving needs of our business. In addition, all directors should possess the qualifications set forth in our corporate governance guidelines, which are available on our website at <http://www.ctibiopharma.com>. Our policy is that a majority of our directors must qualify as "independent" under the Nasdaq Rules and other standards agreed to in the settlement for certain derivative stockholder actions. We, our board of directors and the nominating and governance committee are involved in the process of determining the independence of acting directors and director nominees. We solicit relevant information from directors and director nominees via a questionnaire, which covers material relationships, compensatory arrangements, employment and any affiliation with us. In addition to reviewing information provided in the questionnaire, we ask our executive officers on an annual basis regarding their awareness of any existing or currently proposed transactions, arrangements or understandings involving us in which any director or director nominee has or will have a direct or indirect material interest. We share our findings with the nominating and governance committee and our board of directors regarding the Nasdaq and SEC independence requirements and any information regarding the director or director nominee that suggests that such individual is not independent. Our board of directors considers all relevant issues, including consideration of any transactions, relationships or arrangements that are not required to be disclosed under Item 404(a) of Regulation S-K, prior to making a determination with respect to the independence of each director. With respect to the independence of Mr. Perry, the board of directors considered Mr. Perry's position as President of BVF, our largest stockholder, which is discussed under "Certain Transactions with Related Persons."

Based on the review described above, our board of directors affirmatively determined that:

Five of our six directors are independent, and all members of the audit committee, compensation committee and nominating and governance committee are independent, under the applicable Nasdaq standards and, in the case of the audit committee and the compensation committee, the applicable SEC standards.

All of the non-management directors are independent under the Nasdaq standards. The independent directors are: Drs. Fischer, Parkinson and Tuckson and Messrs. Metzger and Perry.

Dr. Craig is not independent by virtue of his position as our President and Chief Executive Officer.

Other than as described under "Certain Transactions with Related Persons", in 2018, there were no transactions, relationships or arrangements not disclosed as related person transactions that were considered by our board of directors in determining that the applicable independence standards were met by each of the directors.

### Leadership Structure

Our board of directors has a formal policy that the positions of Chief Executive Officer and Chairman of the Board shall continue to be held by separate individuals. Dr. Fischer has served as the Chairman of the Board since September 2017. Because Dr. Fischer meets the independence standards of Nasdaq, he also presides over separate meetings for the independent directors. Our board of directors regularly provides such independent directors separate meeting time. This structure ensures a greater role for the independent directors in our oversight and active participation of the independent directors in setting agendas and establishing the board of directors' priorities and procedures. Further, this structure permits the Chief Executive Officer to focus on the management of our day-to-day operations, while the Chairman of the Board presides at all meetings of the board of directors at which he is present; calls and supervises preparation of the agenda for and presides over separate sessions of the independent directors; acts as a liaison between the independent directors and our management; and performs such other powers and duties as may from time to time be assigned to him by the board of directors or as may be prescribed by our bylaws.

### Board and Committee Meetings

Our board of directors held 14 meetings during the year ended December 31, 2018. All directors who served during 2018 attended at least 75% of the total number of meetings of the board of directors and of all committees of the board of directors on which each director served that year. Independent directors meet in regularly scheduled sessions without management. Our policy is to encourage attendance at the Annual Meeting. One of our directors in office at the time of our 2018 Annual Meeting attended such meeting in person.

Our board of directors has an audit committee, a compensation committee, and a nominating and governance committee, each of which has the composition and responsibilities described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

#### Audit Committee

Our board of directors has a separately-designated standing audit committee. The audit committee has responsibility for assisting the board of directors in overseeing our accounting and financial reporting processes and audits of our financial statements. The audit committee assists the board of directors in oversight and monitoring of (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) the qualifications, independence and performance of the independent registered public accounting firm and (iv) our internal controls over financial reporting and systems of disclosure controls and procedures. The audit committee has a written charter, which is available on our website at <http://investors.ctibiopharma.com>. The composition of the audit committee, the attributes of audit committee members and the responsibilities of the audit committee as reflected in its charter adopted by our board of directors are intended to be in accordance with SEC rules and Nasdaq Rules with regard to corporate audit committees.

The audit committee held six meetings during the year ended December 31, 2018. The audit committee currently consists of three non-employee directors: Mr. Metzger (Chairperson) and Drs. Fischer and Tuckson.

The board of directors has determined that each of the current members of the audit committee meets the requirements of “independence” as set forth in Section 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the rules and regulations promulgated by the SEC and the Nasdaq Rules. Additionally, the board of directors has determined that Mr. Metzger qualifies as an “audit committee financial expert” as defined under the rules and regulations of the SEC and that he has accounting and related financial management expertise within the meaning of the Nasdaq Rules.

#### Compensation Committee

The Compensation Committee has responsibility for:

carrying out the responsibilities of the board of directors relating to compensation of our Chief Executive Officer, all other officers with the title of Executive Vice President and above and any other employee to the extent required under applicable law or Nasdaq Stock Market Rules;

carrying out any other board responsibilities relating to our overall compensation and benefit structure, policies and programs;

- administering our equity compensation plans; and

reviewing and approving our compensation disclosures included in our annual report and proxy statement.

The compensation committee charter authorizes the compensation committee to delegate any of its responsibilities to a subcommittee as and when it deems appropriate, solely to the extent permitted by applicable law and the applicable rules of Nasdaq.

The compensation committee held three meetings during the year ended December 31, 2018. The compensation committee currently consists of four non-employee directors: Dr. David Parkinson (Chairperson), Dr. Fischer, Mr. Perry, and Mr. Metzger, each of whom meets the requirements of independence as set forth in the rules and regulations promulgated by the SEC and the Nasdaq Rules. The compensation committee has a written charter, which is available on our website at <http://investors.ctibiopharma.com>.



#### Nominating and Governance Committee

The nominating and governance committee is responsible for establishing standards and processes so that the board of directors can be properly constituted to meet its fiduciary obligations to us and our stockholders and so that we have and follow appropriate governance standards. The nominating and governance committee is responsible for reviewing with the board of directors, on an annual basis, the desired director qualifications, expertise, characteristics and other factors for potential consideration, which review includes consideration of diversity, skills and experience. The nominating and governance committee is responsible for conducting searches for potential directors with corresponding attributes and evaluating and proposing nominees for election to the board of directors. Our Corporate Governance Guidelines set forth the qualifications that should be met by director nominees, which include, but are not limited to, the following: (i) a background that demonstrates an understanding of the business, financial affairs and complexities of our business, as well as general health care, science and technology matters, (ii) fundamental qualities such as intelligence, honesty, perceptiveness, good judgment, maturity, high ethics and standards, integrity, fairness and responsibility, (iii) a genuine interest in our business and recognition that each director is accountable to all stockholders, (iv) a willingness to invest significant time in reviewing detailed and technical background information in preparation for board meetings, (v) experience in a senior position in a complex organization, (vi) no legal impediment that would interfere with the duty of loyalty to us and our stockholders, (vii) the ability and willingness to spend the time required to function effectively as a director in our industry, which requires ad-hoc board of directors and committee meetings, (viii) be compatible and able to work well with the other directors, management and legal counsel, and (ix) possesses independent opinions and a willingness to state them in a constructive manner. Each of the nominees for election as a director at the Annual Meeting holds or has held senior executive positions in, and/or has experience serving on the boards of directors and board committees of, large, complex organizations and has operating experience that meets this objective. In these positions, they have also gained experience in core management skills, such as strategic and financial planning, public company financial reporting, corporate governance, risk management and leadership development.

The nominating and governance committee also believes that each of the nominees and current directors has other key attributes that are important to an effective board: integrity and demonstrated high ethical standards; sound judgment; analytical skills; the ability to engage management and each other in a constructive and collaborative fashion; diversity of origin, background, experience and thought; and the commitment to devote significant time and energy to service on the board of directors and its committees.

The nominating and governance committee ensures that nominations to the board of directors are made such that the board of directors is properly constituted in terms of overall composition and governance. Although we do not have a policy regarding diversity, the nominating and governance committee seeks a broad range of perspectives and considers both the personal characteristics (gender, ethnicity and age) and experience (industry, profession and public service) of directors and prospective nominees to the board of directors.

The nominating and governance committee is responsible for recommending director nominees to the board of directors for its consideration, while the board of directors is ultimately responsible for determining the director slate for election by stockholders and for filling any vacancies on the board of directors in accordance with the bylaws. All of the director nominees named in this proxy statement satisfied the board of directors' criteria for membership and were recommended to the board of directors by the nominating and governance committee for election by stockholders at the Annual Meeting.

The nominating and governance committee held one meeting during the year ended December 31, 2018. The nominating and governance committee currently consists of two non-employee directors: Dr. Tuckson (Chairperson) and Dr. Fischer, each of whom meet the independence requirements as set forth in the rules and regulations promulgated by the SEC and the Nasdaq Rules. The nominating and governance committee has a written charter, which is available on our website at <http://investors.ctibiopharma.com>.

#### Annual Board and Committee Performance Evaluations

The nominating and governance committee is responsible for developing policies and procedures for the board of directors performance evaluation process, and for overseeing such policies and procedures. The nominating and governance committee's current practice is to conduct a performance evaluation of the board of directors and each of its committees on an annual basis.



### Risk Oversight

Companies face a variety of risks, including credit risk, liquidity risk and operational risk. Our board of directors believes an effective risk management system will (i) timely identify the material risks that we face, (ii) communicate necessary information with respect to material risks to senior executives and, as appropriate, to the board of directors or relevant committee, (iii) implement appropriate and responsive risk management strategies consistent with our risk profile and (iv) integrate risk management into our decision-making.

Our board of directors takes the lead in overseeing risk management, and the audit committee makes periodic reports to the board of directors regarding briefings provided by management and advisers, as well as the audit committee's own analysis and conclusions regarding the adequacy of our risk management processes. Material risks are identified and prioritized by management, and each prioritized risk is referred to a committee or the full board of directors for oversight. For example, management refers strategic risks to the full board of directors, while financial risks are referred to the audit committee. Our board of directors regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each, and annually reviews our risk management program as a whole. Also, the compensation committee reviews our compensation programs to help ensure that they do not encourage excessive risk-taking.

In addition to the formal compliance program, the board of directors encourages management to promote a corporate culture that incorporates risk management into our corporate strategy and day-to-day business operations. The board of directors also continually works, with the input of our executive officers, to assess and analyze the most likely areas of future risk for us.

Our board of directors believes that the processes it has established for overseeing risk would be effective under a variety of leadership frameworks and therefore do not materially affect its choice of leadership structure as described under "Leadership Structure" above.

### Code of Ethics

We have adopted a code of ethics for our senior executive and financial officers (including our principal executive officer and principal financial officer), as well as a code of business conduct and ethics applicable to all officers, directors and employees.

Both codes of ethics are available on our website at <http://investors.ctibiopharma.com>. Stockholders may request a free copy of the codes of ethics by contacting us at (206) 282-7100 or at CTI BioPharma Corp., Attention: Investor Relations, 3101 Western Avenue, Suite 800, Seattle, Washington 98121. Any amendments to, or waivers from, our code of ethics for our directors and executive officers will be posted on our website at <http://investors.ctibiopharma.com> to the extent required by applicable SEC and Nasdaq rules.

### Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines, which are available on our website at <http://investors.ctibiopharma.com>. Stockholders may request a free copy of the Corporate Governance Guidelines at the address and phone number set forth above.

### Nomination of Director Candidates and Proposals Not Intended for Inclusion in Proxy Materials

If you intend to nominate an individual for election to our board of directors at our 2020 Annual Meeting or wish to present a proposal at the 2020 Annual Meeting but do not intend for such proposal to be included in the proxy statement for such meeting, our bylaws require that, among other things, stockholders give written notice of the nomination or proposal to our Secretary at our principal executive offices no less than the close of business on February 16, 2020 (the 90th day prior to the first anniversary of the Annual Meeting) and no more than the close of business on January 17, 2020 (the 120th day prior to the first anniversary of the Annual Meeting). Notwithstanding the foregoing, if we change the date of the 2020 Annual Meeting to a date that is more than 30 days before or after the date one year from the date of the Annual Meeting, written notice by a stockholder must be received by later than the close of business on the tenth day following the date on which the public announcement is first made of the date of the 2020 Annual Meeting. Stockholder proposals not intended to be included in the proxy statement or nominations for director candidates that do not meet the notice requirements set forth above and further described in Sections 2.13 and 2.14 of Article II of our bylaws will not be acted upon at the 2020 Annual Meeting.



As set forth in our bylaws, each notice of a director nomination should contain the following information: (i) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the stockholder is a holder of record of our stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated or intended to be nominated by our board of directors; and (v) the consent of each nominee to serve as a director if so elected. The Chairman of the meeting may in his discretion determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedures, and if so determined, he will so declare to the meeting and the defective nomination will be disregarded.

As set forth in our bylaws, each notice of a stockholder proposal (whether or not to be included in the proxy statement) should contain the following information: (i) the address of the stockholder who intends to make the proposal(s); (ii) a representation that the stockholder is a holder of record of our stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to vote for the proposal(s); and (iii) such other information regarding each proposal as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC. The Chairman of the meeting may in his discretion determine and declare to the meeting that a proposal was not made in accordance with the foregoing procedures, and if so determined, he shall so declare to the meeting and the defective proposal will be disregarded.

#### Stockholder Recommendations

A stockholder may recommend a director to the nominating and governance committee by delivering a written notice to our Secretary at our principal executive offices and including in the notice the items required by Section 2.13 of Article II of our bylaws as well as (i) a comprehensive written resume of the nominee's business experience and background, and (ii) the consent of the director candidate to serve as a member of the board of directors if elected. Properly communicated stockholder recommendations will be considered in the same manner as recommendations received from other sources and using the same criteria as used for any other director candidate. See "Nominating and Governance Committee" above for additional information.

#### Communicating Concerns to Directors

Stockholders who wish to communicate with our directors to report complaints or concerns related to accounting, internal accounting controls or auditing may do so using the audit committee procedures for the receipt of such communication. The procedures allow submitting the complaint or concern either online or telephonically, with a more detailed description of the procedures set forth in our Whistleblower Policy, which is contained in our Code of Business Conduct and Ethics available on our website at <http://investors.ctibiopharma.com>.

Stockholders and other interested parties may communicate with the board of directors and the Chairman on other matters by writing to Dr. Fischer, c/o CTI BioPharma Corp., Legal Department, 3101 Western Avenue, Suite 800, Seattle, Washington 98121. The Legal Department will perform a legal review in the normal discharge of duties to ensure that communications forwarded to Dr. Fischer are appropriate. Items that are unrelated to the duties and responsibilities of the board of directors such as mass mailings, junk mail, personal employee complaints not related to accounting, internal controls, auditing or officer conduct (which are reviewed and forwarded by the Legal Department), inquiries regarding clinical trials or our operations generally, job inquiries, surveys, business solicitations or advertisements will not be forwarded to Dr. Fischer. In addition, material that is threatening or similarly unsuitable will not be forwarded to Dr. Fischer. Any communication that is relevant to the conduct of our business and is not forwarded will be retained for one year and made available to Dr. Fischer and any other independent director upon request. The independent directors have granted the Legal Department discretion to decide what correspondence shall be forwarded to Dr. Fischer and what shall be shared with our management, with specific instructions that any personal employee complaints of the nature addressed under our Whistleblower Policy be forwarded as set forth therein. If items are forwarded to Dr. Fischer, he will decide in his own discretion whether to circulate them to other members of the board of directors.



Non-Employee Director Compensation Table - 2018

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The following table presents information regarding the compensation earned for 2018 by members of our board of directors who are not also our employees. The compensation paid to Dr. Craig for his services as an employee in 2018 is presented in the “Summary Compensation Table” and the related explanatory tables below. Dr. Craig is not entitled to receive additional compensation for his service as a director.

| Name                        | Fees Earned or Paid in Cash (\$) <sup>(1)</sup> | Option Awards (\$) <sup>(2)(3)</sup> | All Other Compensation (\$) | Total (\$) |
|-----------------------------|---|--------------------------------------|-----------------------------|------------|
| Laurent Fischer, M.D.       | 84,000  | 192,096                              | —                           | 276,096    |
| Michael A. Metzger          | 53,375  | 192,096                              | —                           | 245,471    |
| David Parkinson, M.D.       | 53,250  | 192,096                              | —                           | 245,346    |
| Matthew D. Perry            | 47,000  | 192,096                              | —                           | 239,096    |
| Frederick W. Telling, Ph.D. | 68,000  | 270,432 <sup>(4)</sup>               | 716 <sup>(5)</sup>          | 339,148    |
| Reed V. Tuckson, M.D.       | 60,500  | 192,096                              | —                           | 252,596    |
| Richard L. Love             | 31,750  | —                                    | 3,083 <sup>(6)</sup>        | 34,833     |

(1) The amounts reported in the “Fees Earned or Paid in Cash” column reflect the amounts earned with respect to fiscal year 2018 for the director’s retainer and fees for chairing and/or serving on applicable board committees.

The amounts reported in the “Option Awards” column of the table above reflect the grant date fair value determined in accordance with FASB ASC Topic 718 of the option awards granted to our non-employee directors during fiscal year 2018. These amounts do not necessarily correspond to the actual cash value that will be recognized by the directors pursuant to the awards. For a discussion of the assumptions and methodologies used to calculate the amounts reported, please see the discussion of equity awards contained in Note 12 (Share-Based Compensation) to our Consolidated Financial Statements for the fiscal year ended December 31, 2018, included in our Annual Report on Form 10-K filed with the SEC on March 13, 2019.

(2) On May 17, 2018, each of our non-employee directors then in office was granted an annual award of 60,000 stock options with a per-share exercise price of \$4.61, the closing price of our common shares as reported by Nasdaq on the date of the grant, and a grant-date fair value of \$192,096.

(3) The following table presents the number of outstanding and unexercised option awards and the number of shares subject to unvested stock awards held by each of our non-employee directors as of December 31, 2018.

| Director                    | Number of Shares Subject to Outstanding Options as of December 31, 2018 | Number of Unvested Restricted Shares/Units as of December 31, 2018 |
|-----------------------------|---|--|
| Laurent Fischer, M.D.       | 110,000   | —  |
| Michael A. Metzger          | 110,000   | —  |
| David Parkinson, M.D.       | 110,000   | —  |
| Matthew D. Perry            | 110,000   | —  |
| Frederick W. Telling, Ph.D. | 190,300   | —  |
| Reed V. Tuckson, M.D.       | 130,220   | —  |
| Richard L. Love             | 50,000  | —  |

In accordance with the Director Compensation Policy, non-employee director option grants and restricted stock awards, to the extent then outstanding and unvested, become fully vested in the event of a change in control (as

such term is defined in the equity incentive plan or award agreement applicable to that grant) that occurs while such non-employee director is a member of the board.

Dr. Telling resigned as a member of our board of directors effective December 13, 2018. In connection with Dr.

(4) Telling's resignation, on September 18, 2018, the board of directors granted Dr. Telling a stock option to purchase 60,000 shares under our 2017 Equity Incentive Plan, with an exercise price equal to \$1.88, the closing price of our common shares as reported by Nasdaq on the date of grant.

(5) Represents the retirement gift given in recognition of Dr. Telling's service on our board of directors. Dr. Telling resigned as a member of our board of directors effective December 13, 2018.

(6) Represents the retirement gift given in recognition of Mr. Love's service on our board of directors. Mr. Love did not seek re-election at the 2018 annual meeting of directors and ceased to be a member of our board on May 16, 2018.

#### Non-Employee Director Compensation Overview

## Equity Grants

Under our Director Compensation Policy, as amended effective March 13, 2019, our non-employee directors are entitled to the following equity awards: (i) any new non-employee director will receive a stock option for 120,000 shares in connection with joining the board of directors, which will be scheduled to vest ratably over thirty-six months beginning on the grant date and (ii) in connection with each annual meeting of stockholders, each continuing non-employee director will be entitled to receive a stock option for 60,000 shares, which will be scheduled to vest on the date that is 12 months after the date of grant of the award or, if earlier, immediately prior to the first annual meeting of our stockholders at which one or more members of the board are to be elected and that occurs in the calendar year after the calendar year in which the award was granted. Each option will have an exercise price that is not less than the closing price of our common stock on the date of grant of the award. Each option has a maximum term of 10 years (subject to earlier termination as provided in the applicable option agreement) and is subject to accelerated vesting in connection with a change in control as noted above.

In lieu of the annual option grants provided for by our Director Compensation Policy, on March 13, 2019, our board of directors approved grants of options to purchase 120,000 shares of our common stock to each of our non-employee directors, which grants will become effective on the date of our 2019 annual meeting of stockholders and have an exercise price equal to the closing price of our common stock on the date of our 2019 annual meeting of stockholders. These options will vest in accordance with the vesting terms applicable to other annual option grants made pursuant to our Director Compensation Policy.

Prior to the amendment of our Director Compensation Policy on March 13, 2019, our board of directors had the discretion to determine the size of any initial or annual stock option award to our non-employee directors.

As provided in the 2017 plan, the maximum grant date fair value for awards granted to a non-employee director under the 2017 Plan during any one calendar year is \$375,000, except that this limit is \$475,000 as to a non-employee director who is serving as the Chairman of the Board at the time the applicable grant is made.

## Cash Compensation

Under the Director Compensation Policy, non-employee directors are also entitled to cash compensation in the form of annual retainers for service on the board and additional annual retainers for serving on and chairing certain committees. Non-employee directors who both serve on and chair a committee are entitled to both the retainer for service as a member of that committee as well as the additional retainer for service as the chairperson of that committee. The table below sets forth the amount of the board and committee retainers in effect for 2018.

|  | Annual Cash Retainer (\$) |
|--|---------------------------|
| Board Member, other than Chairman of the Board             | 40,000                    |
| Chairman of the Board                                      | 75,000                    |
| Audit Committee Chairperson                                | 15,000                    |
| Non-Chairperson Audit Committee Members                    | 9,000                     |
| Compensation Committee Chairperson                         | 12,500                    |
| Non-Chairperson Compensation Committee Member              | 7,000                     |
| Nominating and Governance Committee Chairperson            | 7,500                     |
| Non-Chairperson Nominating and Governance Committee Member | 4,000                     |

On March 13, 2019, our board of directors increased the annual retainer for service on the board to \$45,000 per year and the annual retainer for chairing the board of directors to \$80,000 per year.

All non-employee directors are also reimbursed for their reasonable expenses incurred in attending board meetings and committee meetings, as well as other board-related travel expenses.

Board Discussion of Non-Employee Director Compensation Philosophy

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Our board's non-employee director compensation philosophy is that our compensation arrangements for our directors should reasonably compensate the non-employee directors for their services and should further align the interests of the non-employee directors with the interests of our stockholders. Consistent with that philosophy, the board of directors has structured the cash and equity award components of the Director Compensation Policy to provide a total compensation opportunity for the non-employee directors that the board believes is reasonable. The board also believes that that it is reasonable, and consistent with peer company practices, to structure the Director Compensation Policy with two key compensation components - the equity grant component discussed above and the cash compensation component discussed above - as awards with a value linked to the price of our common stock further align the interests of non-employee directors with the interests of our stockholders; but the board believes that it is appropriate, and consistent with peer company practices, to not structure the entire compensation opportunity to be dependent upon stock price and thus to include the cash compensation component. The board believes that differences in compensation levels under the Director Compensation Policy for the Chairman of the Board, and for non-employee directors serving on particular committees or as the chairperson of a Board committee, are appropriate based on the board's assessment of the extent of additional services currently required of the non-employee directors that hold those positions and consistent with peer company practices.

The compensation committee retained Radford as an independent compensation consultant in June 2018 to perform a comprehensive review of our Director Compensation Policy and to advise the board of directors as to our compensation program for, and material decisions regarding the compensation of, its non-employee directors.

PROPOSAL 2:

APPROVAL OF AN AMENDMENT TO OUR CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES

Our board of directors is asking our stockholders to approve an amendment to our certificate of incorporation to (a) increase the total number of authorized shares from 101,533,333 to 131,533,333 and (b) increase the total number of authorized shares of common stock from 101,500,000 to 131,500,000. The authorized number of shares of preferred stock would remain unchanged by the proposed amendment.

Our board of directors believes it is in our and our stockholders' best interests to increase the number of authorized shares of common stock in order to provide flexibility to issue additional shares of common stock in the future in connection with one or more of the following:

- financing transactions, such as public or private offerings of common stock or derivative securities;
- our equity incentive plans and employee stock purchase plan;
- debt, warrant or other equity restructuring or refinancing transactions, such as debt or warrant exchanges or offerings of new convertible debt or modifications to existing securities, or as payments of interest on debt securities;
- acquisitions, strategic partnerships, collaborations, joint ventures, restructurings, divestitures, business combinations and strategic investments;
- corporate transactions, such as stock splits or stock dividends; and
- other corporate purposes that have not yet been identified.

As of the date of this proxy statement, our board of directors has no commitments, arrangements or understandings, written or oral, relating to the issuance of any newly authorized shares of common stock. Our common stock is all of a single class, with equal voting, distribution, liquidation and other rights, and each additional authorized share of common stock would have rights identical to our currently authorized and outstanding shares of common stock. The proposed amendment would not affect the rights of the holders of currently outstanding common stock, except to the extent additional shares are actually issued, which may have certain effects, including the dilution of our current stockholders' earnings per share, voting power and proportionate ownership of our outstanding equity.

The proposed amendment could have the effect of making it more difficult for a third party to acquire control of our company. For example, without further stockholder approval, our board of directors could approve the issuance and sale of certain of the additional authorized shares of common stock in a private transaction to purchasers who would oppose a takeover attempt or other change in control. While the issuance of shares in certain instances may have the effect of forestalling a hostile takeover, as of the date of this proxy statement, our board of directors does not intend or view the increase in authorized common stock as an antitakeover measure, nor are we aware of any proposed or contemplated transaction of this nature.

As of March 14, 2019, there were 57,979,325 shares of common stock issued and outstanding, 9,209,682 shares of common stock were reserved for issuance under our equity compensation plans, 1,120,000 shares were subject to an outstanding option granted to Dr. Craig in March 2017 as an inducement to his joining us, 513,496 shares of common stock were reserved for issuance upon exercise of outstanding warrants, 178,376 shares of common stock were reserved for issuance under our employee stock purchase plan, one share of common stock was reserved for issuance upon exercise of outstanding restricted share rights and 8,383,333 shares of common stock were reserved for issuance upon conversion of outstanding convertible preferred stock. As a result, currently, there are only approximately 24,115,787 shares of authorized common stock available for future issuance under our existing certificate of incorporation for other corporate purposes.

The form of the proposed amendment to our certificate of incorporation to effect the increase in the total number of authorized shares and total number of authorized shares of common stock is attached as Appendix A to this proxy statement. If the amendment is approved by the requisite vote of our stockholders, we intend to file a certificate of amendment with the Secretary of State of the State of Delaware as soon as reasonably practicable after the Annual Meeting. The amendment will become effective immediately upon filing with the Secretary of State of the State of Delaware and, thereafter, the additional authorized shares of common stock would become





issuable upon the approval of our board of directors at such times, in such amounts, and upon such terms as the board of directors may determine, without the need for further stockholder approval, unless otherwise required by applicable law or listing requirements.

If this proposal is adopted, following the filing of the Amendment with the Secretary of State of the State of Delaware, Stockholder approval of the amendment will not, by itself, cause any change in our capital accounts. However, any future issuance of additional shares of common stock authorized pursuant to this proposal would ultimately result in dilution of existing stockholders' equity interests.

Our board of directors reserves the right, notwithstanding stockholder approval and without further action by our stockholders, not to proceed with the filing of the certificate of amendment with the Secretary of State of the State of Delaware.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE AMENDMENT TO OUR CERTIFICATE OF INCORPORATION.**

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PROPOSAL 3: APPROVAL OF AN INCREASE TO THE SHARES RESERVED FOR ISSUANCE  
PURSUANT TO OUR AMENDED AND RESTATED 2017 EQUITY INCENTIVE PLAN

Summary

Our board of directors is asking you to approve an amendment to our Amended and Restated 2017 Equity Incentive Plan (the “2017 Plan”) to increase the number of shares reserved for issuance thereunder. If stockholders approve this proposal, the number of shares of our common stock that may be delivered pursuant to awards granted under the 2017 Plan will be increased by an additional 2,000,000 shares. There would be a corresponding increase in the number of shares that may be delivered pursuant to incentive stock options granted under the 2017 Plan (for clarity, such shares also count against, and are not in addition to, the aggregate share limit for the 2017 Plan).

On March 13, 2019, our board of directors approved the proposed increase to the shares issuable pursuant to our 2017 Plan subject to stockholder approval.

We also maintain the CTI BioPharma Corp. 2015 Equity Incentive Plan, as amended (the “2015 Plan”), and the CTI BioPharma Corp. 2007 Equity Incentive Plan, as amended (the “2007 Plan” and together with the 2017 Plan and the 2015 Plan, the “Plans”). However, no new awards may be granted under the 2015 Plan or the 2007 Plan. As of March 14, 2019, (i) a total of 8,103,454 shares of our common stock were then subject to outstanding options granted under the Plans, and 1,300,000 options are contingent upon stockholder approval of this proposal as discussed below under “Specific Benefits under the 2017 Plan”), (ii) 6,285 shares of our common stock were then subject to unvested restricted stock awards and unvested restricted stock unit awards granted under the Plans, (iii) no shares were available for new award grants under the 2015 Plan or the 2007 Plan and (iv) 778,105 shares were available for new award grants under the 2017 Plan (without taking into account the 2,000,000 shares that would be added to the 2017 Plan if stockholders approve this proposal, the 600,000 shares subject to options to be granted to our outside directors on the date of the Annual Meeting or the 1,300,000 shares subject to options that are contingent on stockholder approval of this proposal). In addition to the outstanding awards under the Plans described above, 1,120,000 shares were subject to an outstanding option granted to Dr. Craig in March 2017 as an inducement to his joining us that was not under any of the Plans.

If stockholders approve this proposal, we currently expect the number of additional shares being requested for approval will be sufficient to meet our expected needs through the third quarter of 2019. If stockholders do not approve this proposal, we will continue to have the authority to grant awards under the 2017 Plan, but the proposed 2,000,000 share increase in the 2017 Plan share limit will not be effective and will limit our ability to provide retention incentives to our executives, other employees and service providers. Equity awards are a significant component of total compensation for our executive officers, other employees and service providers and are vital to our ability to attract and retain outstanding and highly skilled individuals in the extremely competitive labor markets in which we must compete. If we were to grant fewer equity awards to these individuals, we believe that we would nonetheless need to provide compensation in other forms (such as cash) to provide a total compensation package that is competitive with other companies. We strongly believe that the approval of this proposal is instrumental to our continued success.

Please see the discussion below under “Specific Benefits under the 2017 Plan” and “Aggregate Past Grants Under the 2017 Plan” for detailed information on certain awards grants made by us that are contingent on stockholder approval of this 2017 Plan proposal and past award grants under the Plans.

Award Burn Rate

The following table presents information regarding our net burn rate for the past three complete fiscal years, with average annual net burn rate over such three years being 5.8%. For this purpose, the “net burn rate” for any one particular fiscal year means the total number of shares of our common stock issuable upon exercise or payment, as the

case may be, of the equity-based awards granted by us in that fiscal year, less the total number of such shares canceled, terminated or forfeited in the fiscal year without the awards having become vested or paid, as the case may be, divided by our weighted average number of basic shares of common stock issued and outstanding during that particular fiscal year.

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|  | 2018                     | 2017       | 2016       |
|--|--------------------------|------------|------------|
| Options granted  | 3,099,904 <sup>(1)</sup> | 4,450,350  | 1,511,299  |
| Restricted stock/stock unit awards granted                       |                          | 22,021     | 457,036    |
| Less: shares subject to canceled, terminated or forfeited awards | (2,551,900)              | (627,339)  | (360,434)  |
| Net shares granted   | 548,004                  | 3,845,032  | 1,607,901  |
| Weighted average basic common shares outstanding                 | 56,072,898               | 36,445,397 | 27,947,894 |
| Net burn rate  | 1.0%                     | 10.6%      | 5.8%       |

(2)(3)

This figure includes a total of 734,000 performance-based stock options to certain of our officers and employees in September 2018. All such performance-based stock options were cancelled by our compensation committee on February 19, 2019.

<sup>(2)</sup>Net burn rate is equal to (x) divided by (y), where (x) is equal to the sum of total options granted during the fiscal year, plus the total restricted stock/stock unit awards granted during the fiscal year, minus the total number of shares subject to stock options, restricted stock and restricted stock unit awards canceled, terminated or forfeited during the fiscal year without the awards having become vested or

paid, as the case may be, and where (y) is equal to our weighted average basic common shares outstanding for each respective year.

For the three-year period ended December 31, 2018, our average <sup>(3)</sup>annual net burn rate using the methodology described in note (2) above was 5.8%.

We currently expect that the additional shares requested for the 2017 Plan under this proposal (taking into account the stock options that have been granted that are conditional on stockholder approval of this proposal, as discussed above) would provide us with flexibility to continue to grant equity-based awards into the third quarter of 2019, assuming a level of grants consistent with the number of equity-based awards granted during 2018 and usual levels of shares becoming available for new awards as a result of forfeitures of outstanding awards throughout the projected period. However, this is only an estimate, in our management's judgment, based on current circumstances. Additionally, we do not currently anticipate granting, in the short-term, any additional equity awards under the 2017 Plan other than the grants to Dr. Craig and our non-employee directors as described above. The total number of shares that are awarded under the 2017 Plan in any one year or from year-to-year may change based on any number of variables, including, without limitation, the value of our common stock (since higher stock prices generally require that fewer shares be issued to produce awards of the same grant date fair value), changes in competitors' compensation practices or changes in compensation practices in the market generally, changes in the number of our employees, changes in the number of our directors and officers, acquisition activity and the potential need to grant awards to new employees in connection with acquisitions, the need to attract, retain and incentivize key talent, the type of awards we grant, the extent to which any applicable performance-based vesting requirements are satisfied, and how we choose to balance total compensation between cash and equity-based awards. The type and terms of awards granted may also change in any one year or from year-to-year based on any number of variables, including, without limitation, changes in competitors' compensation practices or changes in compensation practices generally, and the need to attract, retain and incentivize key talent.

## Dilution

The following table shows the total number of shares of our common stock that were (i) subject to unvested restricted stock and restricted stock unit awards granted under the Plans, (ii) subject to outstanding stock options granted under the Plans, and (iii) available for new award grants under the 2017 Plan, in each case, as of each of December 31, 2018 and March 14, 2019. In this Proposal 3, the number of shares of our common stock subject to awards granted during any particular period or outstanding on any particular date is presented based on the actual number of shares of our common stock covered by those awards.

|  | December 31, 2018 | March 14, 2019           |
|--|-------------------|--------------------------|
| Shares subject to unvested restricted stock and restricted stock unit awards | 13,035            | 6,285                    |
| Shares subject to outstanding stock options <sup>(1)</sup>                   | 7,219,292         | 9,223,454 <sup>(2)</sup> |
| Shares available for new award grants  | 2,775,517         | 778,105 <sup>(3)</sup>   |

<sup>(1)</sup> Our outstanding options generally may not be transferred to third parties for value and do not include dividend equivalent rights.

<sup>(2)</sup> This excludes the 1,300,000 shares subject to options that are contingent on stockholder approval of this proposal. This does not take into account the 2,000,000 shares that would be added to the 2017 Plan if stockholders approve

<sup>(3)</sup> this proposal, the 600,000 shares subject to options to be granted to our outside directors on the date of the Annual Meeting or the 1,300,000 shares subject to options that are contingent on stockholder approval of this proposal.



To help assess the potential dilutive impact of this proposal, the number of shares of our common stock outstanding as at the end of each of the last three fiscal years is as follows: 28,228,602 shares outstanding at the end of fiscal year 2016; 42,969,494 shares outstanding at the end of fiscal year 2017; and 57,986,075 shares outstanding at the end of fiscal year 2018. The number of shares of our common stock outstanding as of March 14, 2019 was 57,979,325. For these purposes, outstanding shares include unvested restricted shares of our common stock awarded and outstanding as of the applicable date.

The closing market price of our common stock on The Nasdaq Capital Market on March 22, 2019 was \$0.96.

Our board of directors believes that approval of the proposed increase to the shares reserved for issuance pursuant to our 2017 Plan will promote our interests and those of our stockholders and will help us continue to be able to attract, motivate, retain and reward persons important to our success. All members of our board of directors and all of our executive officers are eligible for awards under the 2017 Plan and thus have a personal interest in the approval of the proposed amendment and restatement of the 2017 Plan.

**THE BOARD RECOMMENDS A VOTE “FOR” THE INCREASE TO THE SHARES RESERVED FOR ISSUANCE PURSUANT TO OUR AMENDED AND RESTATED 2017 EQUITY INCENTIVE PLAN.**

## Summary Description of the 2017 Plan

The principal terms of the 2017 Plan are summarized below. The following summary is qualified in its entirety by the full text of the 2017 Plan, which appears as Appendix B to this proxy statement and reflects the impact of the proposed increase in the shares reserved for issuance pursuant to the 2017 Plan in Section 4.2 thereof.

### Purpose

The purpose of the 2017 Plan is to promote our success and the interests of our stockholders by providing an additional means for us to attract, motivate, retain and reward selected employees, directors, officers and other eligible persons through the grant of awards. Equity-based awards are also intended to further align the interests of award recipients and our stockholders.

### Administration

Our board or one or more committees appointed by our board administers the 2017 Plan. The board has delegated general administrative authority for the 2017 Plan to the compensation committee, except for authority with respect to awards granted or to be granted to our non-employee directors. The board has retained sole authority under the 2017 Plan with respect to non-employee directors' awards, although the compensation committee has authority under its charter to make recommendations to the board concerning such awards. (For purposes of this proposal, we refer to the appropriate body acting as the administrator of the 2017 Plan, be it our board of directors, a committee within its delegated authority or an officer within his or her delegated authority, as the "Administrator.")

The Administrator has broad authority under the 2017 Plan including, without limitation, the authority:

- to select eligible participants and determine the type(s) of award(s) that they are to receive;
- to grant awards and determine the terms and conditions of awards, including but not limited to the price (if any) to be paid for the shares or the award and the number of shares (if a securities-based award) to be offered or awarded;
- to determine any applicable vesting and exercise conditions for awards, or determine that no delayed vesting or exercise is required, to determine the circumstances in which any performance-based goals (or the applicable measure of performance) will be adjusted and the nature and impact of any such adjustment, to establish the events (if any) on which exercisability or vesting may accelerate (including retirement and other specified terminations of employment or service, or other circumstances), and to accelerate or extend the vesting or exercisability or extend the term of any or all outstanding awards;
- to cancel, modify or waive our rights with respect to, or modify, discontinue, suspend or terminate any or all outstanding awards, subject to any required consents;
- subject to the other provisions of the 2017 Plan, to make certain adjustments to an outstanding award and to authorize the conversion, succession or substitution of an award;
  - to determine the method of payment of the purchase price (if any) for any award or shares of our common stock, as well as any tax-related items with respect to the award, which may be in the form of cash, check, or electronic funds transfer, by the delivery of already-owned shares of our common stock or by a reduction of the number of shares deliverable pursuant to the award, by services rendered by the recipient of the award, by notice and third party payment or cashless exercise on such terms as the Administrator may authorize, or any other lawful consideration as determined by the Administrator;
- to modify the terms and conditions of any award, establish sub-plans and agreements and determine different terms and conditions that the Administrator deems necessary or advisable to comply with laws in the countries where we or one of our subsidiaries operates or where one or more eligible participants reside or provide services;
- to approve the forms of any award agreements used under the 2017 Plan; and
- to construe and interpret the 2017 Plan, make rules for the administration of the 2017 Plan and make all other determinations under the 2017 Plan or any award agreement.



No Repricing

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In no case (except due to an adjustment to reflect a stock split or other event referred to under “Adjustments” below, or any repricing that may be approved by stockholders) will the Administrator (i) amend an outstanding stock option or stock appreciation right to reduce the exercise price or base price of the award, (ii) cancel, exchange or surrender an outstanding stock option or stock appreciation right in exchange for cash or other awards for the purpose of repricing the award or (iii) cancel, exchange or surrender an outstanding stock option or stock appreciation right in exchange for an option or stock appreciation right with an exercise or base price that is less than the exercise or base price of the original award.

### Eligibility

Persons eligible to receive awards under the 2017 Plan include our officers or employees, directors and certain consultants and advisers to us or any of our subsidiaries. As of March 14, 2019, approximately 28 of our officers and employees (including all of our named executive officers currently employed by us), each of our five non-employee directors and approximately 36 other individuals who provide services to us as consultants or advisers, were considered eligible under the 2017 Plan. While consultants and advisers are generally considered eligible under the 2017 Plan to preserve our flexibility, over the last five years we have only granted equity awards under the Plans to seven individuals who, at the time of grant of the awards, were neither employed by us, nor members of our board.

### Authorized Shares; Limits on Awards

The maximum number of shares of our common stock that may be issued or transferred pursuant to awards under the 2017 Plan currently equals the sum of: (i) 5,300,000 shares plus (ii) the number of any shares subject to stock options or restricted stock or restricted stock unit awards granted under the 2007 Plan or the 2015 Plan and outstanding as of the date of the 2018 Annual Meeting that expire, or for any reason are cancelled, terminated or forfeited or otherwise reacquired, after the date of the 2018 Annual Meeting (other than shares withheld for the payment of any applicable exercise price or tax withholding) without being exercised or vested, as applicable. If stockholders approve this 2017 Plan proposal, the number of shares referred to in clause (i) above will increase to 7,300,000 shares.

The maximum grant date fair value for awards granted to a non-employee director under the 2017 Plan during any one calendar year is \$375,000, except that this limit is \$475,000 as to a non-employee director who is serving as the Chairman of the Board at the time the applicable grant is made. For purposes of this limit, the “grant date fair value” of an award means the value of the award on the date of grant of the award determined using the equity award valuation principles applied in our financial reporting. This limit does not apply to, and will be determined without taking into account, any award granted to an individual who, on the grant date of the award, is one of our officers or employees. This limit applies on an individual basis and not on an aggregate basis to all non-employee directors as a group.

Except as described in the next sentence, shares that are subject to or underlie awards that expire or for any reason are canceled or terminated, are forfeited, fail to vest or for any other reason are not paid or delivered under the 2017 Plan will again be available for subsequent awards under the 2017 Plan. Notwithstanding the foregoing, shares that are exchanged by a participant or withheld by us to pay the exercise or purchase price of an award granted under the 2017 Plan, as well as any shares exchanged or withheld to satisfy the tax withholding obligations related to any award granted under the 2017 Plan, will not be available for subsequent awards under the 2017 Plan. To the extent that an award is settled in cash or a form other than shares, the shares that would have been delivered had there been no such cash or other settlement will not be counted against the shares available for issuance under the 2017 Plan. If shares are delivered in respect of a dividend equivalent right, the actual number of shares delivered with respect to the award shall be counted against the share limit of the 2017 Plan. (For purposes of clarity, if 1,000 dividend equivalent rights are granted and outstanding when we pay a dividend, and 50 shares are delivered in payment of those rights with respect to that dividend, 50 shares shall be counted against the share limit of the plan.) To the extent that shares are delivered pursuant to the exercise of a stock appreciation right or stock option, the number of underlying shares as to which the exercise related shall be counted against the applicable share limits, as opposed to only counting the shares

actually issued. (For purposes of clarity, if a stock appreciation right relates to 100,000 shares and is exercised at a time when the payment due to the participant is 15,000 shares, 100,000 shares shall be charged against the applicable share limits with respect to such exercise.) In addition, the 2017 Plan generally provides that shares issued in connection with awards that are granted by or become obligations of ours through the assumption of awards (or in substitution for awards) in connection with an acquisition of another company will not count against the shares available for issuance under the 2017 Plan. The 2017 Plan does not permit us to increase the applicable share limits of the 2017 Plan by repurchasing shares of common stock on the market (by using cash received through the exercise of stock options or otherwise).

#### Types of Awards

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The 2017 Plan authorizes stock options, stock appreciation rights and other forms of awards granted or denominated in our common stock or units of our common stock, as well as cash bonus awards. The 2017 Plan retains flexibility to offer competitive incentives and to tailor benefits to specific needs and circumstances. Any award may be structured to be paid or settled in cash.

A stock option is the right to purchase shares of our common stock at a future date at a specified price per share (the “exercise price”). The per share exercise price of an option generally may not be less than the fair market value of a share of our common stock on the date of grant. The maximum term of an option is ten years from the date of grant. An option may either be an incentive stock option or a non-qualified stock option. Incentive stock option benefits are taxed differently from non-qualified stock options, as described under “U.S. Federal Income Tax Consequences of Awards under the 2017 Plan” below. Incentive stock options are also subject to more restrictive terms and are limited in amount by the Internal Revenue Code and the 2017 Plan. Incentive stock options may only be granted to employees.

A stock appreciation right is the right to receive payment of an amount equal to the excess of the fair market value of share of our common stock on the date of exercise of the stock appreciation right over the base price of the stock appreciation right. The base price will be established by the Administrator at the time of grant of the stock appreciation right and generally may not be less than the fair market value of a share of our common stock on the date of grant. Stock appreciation rights may be granted in connection with other awards or independently. The maximum term of a stock appreciation right is ten years from the date of grant. Options and stock appreciation rights may be fully vested at grant or may be subject to time- and/or performance-based vesting requirements.

The other types of awards that may be granted under the 2017 Plan include, without limitation, stock awards, restricted stock, restricted stock units or phantom stock (which are contractual rights to receive shares of stock, or cash based on the fair market value of a share of stock), dividend equivalents that represent the right to receive a payment based on the dividends paid on a share of stock over a stated period of time, or similar rights to purchase or acquire shares and cash awards. Any awards under the 2017 Plan may be fully-vested at grant or may be subject to time- and/or performance-based vesting requirements.

#### Dividend Equivalents; Deferrals

The Administrator may provide for the deferred payment of awards, and may determine the other terms applicable to deferrals. The Administrator may provide that awards under the 2017 Plan (other than options or stock appreciation rights), and/or deferrals, earn dividends or dividend equivalents based on the amount of dividends paid on outstanding shares of common stock, provided that as to any dividend equivalent rights granted in connection with an award granted under the 2017 Plan that is subject to performance-based vesting requirements, no dividend equivalent payment will be made unless the related performance-based vesting conditions of the award are satisfied (or, in the case of a restricted stock or similar award where the dividend must be paid as a matter of law, the dividend payment will be subject to forfeiture or repayment, as the case may be, if the related performance-based vesting conditions are not satisfied).

#### Assumption and Termination of Awards

If we dissolve or undergo certain corporate transactions such as a merger, business combination, or other reorganization, or a sale of substantially all of our assets, awards then-outstanding under the 2017 Plan will not automatically become fully vested pursuant to the provisions of the 2017 Plan so long as such awards are assumed, substituted for or otherwise continued. However, except as described below, if awards then-outstanding under the 2017 Plan are to be terminated in such circumstances (without being assumed or substituted for), such awards would generally become fully vested. The Administrator also has the discretion to establish and provide for alternative

change in control provisions in a particular award agreement with respect to awards granted under the 2017 Plan. For example, the Administrator could provide in such an award agreement for the automatic acceleration of vesting or payment of an award in connection with a corporate event or a termination of the award recipient's employment.

**Transfer Restrictions**

Subject to certain exceptions contained in the 2017 Plan, awards under the 2017 Plan generally are not transferable by the recipient other than by will or the laws of descent and distribution and are generally exercisable, during the recipient's lifetime, only by

the recipient. Any amounts payable or shares issuable pursuant to an award generally will be paid only to the recipient or the recipient's beneficiary or legal representative. The Administrator has discretion, however, to establish written conditions and procedures for the transfer of awards to other persons or entities, provided that such transfers comply with applicable securities and exchange control laws and are not made for value (other than nominal consideration, settlement of marital property rights, or for interests in an entity in which more than 50% of the voting securities are held by the award recipient or by the recipient's family members).

#### Adjustments

As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the 2017 Plan and any outstanding awards, as well as the exercise or purchase prices of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends, or other similar events that change the number or kind of shares outstanding and extraordinary dividends or distributions of property to the stockholders.

#### No Limit on Other Authority

The 2017 Plan does not limit the authority of the board or any committee to grant awards or authorize any other compensation, with or without reference to our common stock, under any other plan or authority.

#### Termination of or Changes to the 2017 Plan

The board of directors may amend or terminate the 2017 Plan at any time and in any manner. Stockholder approval for an amendment will be required only to the extent then required by applicable law or deemed necessary or advisable by the board. Unless terminated earlier by the board and subject to any extension that may be approved by stockholders, the authority to grant new awards under the 2017 Plan will terminate on March 12, 2027, subject to any extension that may be approved by our stockholders. Outstanding awards, as well as the Administrator's authority with respect thereto, generally will continue following the expiration or termination of the plan. Generally speaking, outstanding awards may be amended by the Administrator (except for a repricing), but the consent of the award holder is required if the amendment (or any plan amendment) materially and adversely affects the holder.

#### U.S. Federal Income Tax Consequences of Awards under the 2017 Plan

The U.S. federal income tax consequences of the 2017 Plan under current federal law, which is subject to change, are summarized in the following discussion of the general tax principles applicable to the 2017 Plan. This summary is not intended to be exhaustive and, among other considerations, does not describe the deferred compensation provisions of Section 409A of the Internal Revenue Code to the extent an award is subject to and does not satisfy those rules, nor does it describe state, local or international tax consequences.

With respect to non-qualified stock options, we are generally entitled to deduct and the participant recognizes taxable income in an amount equal to the difference between the option exercise price and the fair market value of the shares at the time of exercise. With respect to incentive stock options, we are generally not entitled to a deduction (unless the employee sells the underlying shares upon exercise before the tax holding period) nor does the participant recognize income at the time of exercise, although the participant may be subject to the U.S. federal alternative minimum tax. Upon the sale or exchange of the shares more than two years after grant of an incentive stock option and one year after exercising an incentive stock option, any gain or loss will be treated as long-term capital gain or loss. If these holding periods are not satisfied, the optionee will recognize ordinary income and we will be entitled to a deduction at the time of sale or exchange equal to the difference between the exercise price and the lower of (i) the fair market value of the shares at the date of the option exercise, or (ii) the sale price of the shares. A different rule for measuring ordinary

income upon such a premature disposition may apply if the optionee is also an officer or director of the Company. Any gain or loss recognized on such a premature disposition of the shares in excess of the amount treated as ordinary income will be characterized as long-term or short-term capital gain or loss, depending on the holding period.

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The current U.S. federal income tax consequences of other awards authorized under the 2017 Plan generally follow certain basic patterns: nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition equal to the excess of the fair market value over the price paid (if any) only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant); bonuses, stock appreciation rights, cash and stock-based performance awards, dividend equivalents, restricted stock units and other types of awards are generally subject to tax at the time of payment; and compensation otherwise effectively deferred is taxed when paid. In each of the foregoing cases, we will generally have a corresponding deduction at the time the participant recognizes income.

If an award is accelerated under the 2017 Plan in connection with a “change in control” (as this term is used under the Internal Revenue Code), we may not be permitted to deduct the portion of the compensation attributable to the acceleration (“parachute payments”) if it exceeds certain threshold limits under the Internal Revenue Code (and certain related excise taxes may be triggered).

U.S. federal income tax law generally prohibits a publicly-held company from deducting compensation paid to certain current or former officers that qualify as “covered employees” within the meaning of Section 162(m) of the Internal Revenue Code that exceeds \$1 million during the tax year. Certain awards granted before November 2, 2017 that were based upon attaining pre-established performance measures that were set by the compensation committee under a plan approved by our stockholders and designed to satisfy the requirements of the “performance-based” compensation exception under Section 162(m) of the Internal Revenue Code (such awards, the “performance-based awards”) pursuant to a written binding contract that was in effect on November 2, 2017, may qualify for an exception to the \$1 million deductibility limit. However, that exception was eliminated (except as to certain past grants pursuant to the contracts, as noted above) by the Tax Cuts and Jobs Act of 2017, and so the deductibility for any future awards under the 2017 Plan is subject to the \$1 million annual limit.

#### Specific Benefits under the 2017 Plan

The Administrator has approved certain awards under the 2017 Plan that are contingent on stockholder approval of this proposal. These grants are set forth in the following table. If stockholders do not approve this proposal, these grants will not be effective and will not be able to grant the equity incentives we believe are necessary to provide retention incentives.

#### 2017 Equity Incentive Plan

##### Awards Subject to Stockholder Approval of 2017 Plan Proposal

| Name and Position  | Number of Shares Underlying Stock Options <sup>(1)</sup> |
|--|--|
| Named Executive Officers   |  |
| Adam R. Craig, M.D.  | 1,300,000  |
| President, Chief Executive Officer and Interim Chief Medical Officer |  |

<sup>(1)</sup> If this proposal is approved, the options to be granted to Dr. Craig will become effective and have an exercise price equal to the closing price per share of our common stock as reported on Nasdaq on the date on which approval of this proposal is obtained. One-third of the shares underlying the option will vest on February 19, 2020, and one-third of the shares underlying the option will vest annually thereafter, such that all of the shares subject to the option will be vested and exercisable on February 19, 2022, subject to Dr. Craig continuing to be a service provider through each such date. Except for the grant described in the table above, we have not approved any awards that are conditioned upon stockholder approval of this proposal, and we are not currently considering any specific award grants under the 2017 Plan, except for the grants to our non-employee directors described above under “Board of Directors and Corporate Governance—Non-Employee Director Compensation Overview—Equity Grants”.



which grants will occur on the date of the 2019 Annual Meeting whether or not this proposal is approved. Future grants under the 2017 Plan will be determined by the Administrator and may vary from year to year and from participant to participant and are not determinable at this time.

If the proposed amendments to the 2017 Plan had been in effect in fiscal year 2018, we expect that our award grants for fiscal year 2018 would not have been substantially different from those actually made in that year. For information regarding stock-based awards granted to our named executive officers during fiscal year 2018, see “Executive Compensation”.

Aggregate Past Grants Under the 2017 Plan

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As of March 14, 2019, awards covering 8,758,904 shares of our common stock have historically been granted under the 2017 Plan. The following table shows information regarding the distribution of awards covering such shares as of March 14, 2019 among the persons and groups identified below.

## STOCK OPTIONS

| Name and Position  | Number of Shares Subject to Past Option Grants | Number of Shares Acquired On Exercise | Number of Shares Underlying Options as of March 14, 2019 <sup>(1)</sup> |               |
|--|--|---------------------------------------|---|---------------|
|  |  |                                       | Exercisable   | Unexercisable |
| Named Executive Officers:  |  |                                       |   |               |
| Adam R. Craig, M.D.<br>President, Chief Executive Officer and Interim<br>Chief Medical Officer   | 1,525,000                                      | —                                     | 308,334   | 1,216,666     |
| David H. Kirske<br>Executive Vice President, Chief Financial Officer   | 1,048,396 <sup>(2)</sup>                       | —                                     | 157,800   | 765,596       |
| Bruce J. Seeley<br>Executive Vice President, Chief Operating Officer   | 1,009,906 <sup>(2)</sup>                       | —                                     | 161,638   | 723,268       |
| Jack W. Singer, M.D.<br>Former Executive Vice President, Chief Scientific<br>Officer, Interim Chief Medical Officer and Global<br>Head of Translational Medicine | 209,433  | —                                     | —   | —             |
| Total for All Named Executive Officers as a Group<br>(4 persons):  | 3,792,735 <sup>(3)</sup>                       | —                                     | 627,772   | 2,705,530     |
| Laurent Fischer, M.D.  | 110,000  | —                                     | 50,000  | 60,000        |
| Michael A. Metzger   | 60,000   | —                                     | -   | 60,000        |
| David Parkinson, M.D.  | 110,000  | —                                     | 50,000  | 60,000        |
| Matthew D. Perry   | 60,000   | —                                     | -   | 60,000        |
| Reed V. Tuckson, M.D.  | 60,000   | —                                     | -   | 60,000        |
| Total for all Current Non-Executive Directors as a<br>Group (5 persons):   | 400,000  | —                                     | 100,000   | 300,000       |
| Each other person who has received 5% or more of<br>the options, warrants or rights under the 2017 Plan  | —  | —                                     | —   | —             |
| All others, including any current officers who are<br>not executive officers or directors, as a group  | 4,566,169 <sup>(4)</sup>                       | 5,000                                 | 545,511   | 2,966,203     |
| Total  | 8,758,904 <sup>(5)</sup>                       | 5,000                                 | 1,273,283   | 5,971,733     |

(1) Figures in these columns exclude certain shares subject to performance based stock options cancelled by the compensation committee effective February 19, 2019.

(2) Includes 125,000 shares subject to performance-based stock options cancelled by the compensation committee effective February 19, 2019.

(3) Includes 250,000 shares subject to performance-based stock options cancelled by the compensation committee effective February 19, 2019.

(4) Includes 353,500 shares subject to performance-based stock options cancelled by the compensation committee effective February 19, 2019.

(5) Includes 603,500 shares subject to certain performance-based stock options cancelled by the compensation committee effective February 19, 2019.

PROPOSAL 4:

RATIFICATION OF THE SELECTION INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Summary

Ernst & Young LLP served as our independent registered public accounting firm for the completion of our audit for the year ended December 31, 2018. The audit committee has approved the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2019, and our board of directors has further directed that we submit the selection of independent registered public accounting firm for 2019 for ratification by the stockholders at the Annual Meeting.

Representatives of Ernst & Young LLP will have an opportunity to make a statement if they so desire at the Annual Meeting and are expected to be available to respond to appropriate questions.

Although ratification is not required by our bylaws or otherwise, we are submitting the selection to our stockholders for ratification as a matter of good corporate practice and because we value our stockholders' views. If stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee feels that such a change would be in our and our stockholders' best interests.

Change in Independent Registered Public Accounting Firm

As previously disclosed, on July 13, 2018, the audit committee approved the dismissal of Marcum LLP, as our independent registered public accounting firm effective upon the filing of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (the "Quarterly Report"). The Quarterly Report was filed on August 2, 2018 and the effective date of Marcum LLP's dismissal was also August 2, 2018. Ernst & Young LLP's engagement as our independent registered public accounting firm was effective August 2, 2018.

Information about Marcum LLP

The reports of Marcum LLP on our financial statements for the past two fiscal years did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles, except that the report of Marcum LLP dated March 2, 2017, relating to our consolidated balance sheets as of December 31, 2016 and 2015 and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows and the related financial statement schedule for each of the three years in the period ended December 31, 2016, included an explanatory paragraph as to the uncertainty of our ability to continue as a going concern. The audit reports of Marcum LLP on our effectiveness of internal control over financial reporting for the past two fiscal years did not contain any adverse opinion or disclaimer of opinion.

In connection with the audits of our financial statements for each of the two fiscal years ended December 31, 2017 and 2016, and in the subsequent interim period through August 2, 2018, there were no disagreements with Marcum LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which, if not resolved to the satisfaction of Marcum LLP, would have caused Marcum LLP to make reference to the matter in its reports for such years. There were no "reportable events" as that term is described in Item 304(a)(1)(v) of Regulation S-K.

We provided Marcum LLP with a copy of a Current Report on Form 8-K (the "Form 8-K"), which was filed with the SEC on August 3, 2018, and requested that Marcum LLP furnish us with a letter addressed to the SEC stating whether Marcum LLP agreed with the disclosures in the Form 8-K or, if not, stating the respects in which it did not agree. We received the requested letter from Marcum LLP and a copy of the letter, dated August 2, 2018, was filed as Exhibit 16.1 to the Form 8-K and such letter is incorporated by reference herein.

Information about Ernst & Young LLP

During the years ended December 31, 2017 and 2016, and through August 2, 2018, neither we nor anyone acting on our behalf consulted with Ernst & Young LLP regarding either: (i) the application of accounting principles to a specified transaction, either

completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and neither a written report was provided to our nor oral advice was provided that Ernst & Young LLP concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue or (ii) any matter that was either the subject of a disagreement (as that term is described in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as that term is described in Item 304(a)(1)(v) of Regulation S-K).

#### Independent Registered Public Accounting Firm's Fees and Services

The table below provides the aggregate fees billed for professional services rendered by our independent registered public accounting firms as of and for the fiscal years ended December 31, 2018 and 2017. Fees for fiscal year 2018 include fees billed or reasonably expected to be billed by Ernst & Young LLP. Fees for fiscal year 2017 include fees billed by Marcum LLP.

| Services Rendered                 | 2018      | 2017      |
|-----------------------------------|-----------|-----------|
| Audit Fees <sup>(1)</sup>         | \$845,000 | \$558,000 |
| Audit-Related Fees <sup>(2)</sup> | —         | —         |
| Tax Fees <sup>(3)</sup>           | —         | —         |
| All Other Fees <sup>(4)</sup>     | \$1,960   | —         |

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Audit Fees. This category includes fees for professional services provided in conjunction with the audit of our financial statements and with the audit of management's assessment of internal control over financial reporting and (1) the effectiveness of internal control over financial reporting, review of our quarterly financial statements, assistance and review of documents filed with the SEC, consents and comfort letters and attestation services provided in connection with statutory and other regulatory filings and engagements.

Audit-Related Fees. This category pertains to fees for assurance and related professional services associated with (2) due diligence related to mergers and acquisitions, consultation on accounting standards or transactions, consultation on internal control reviews and assistance with internal control reporting requirements, services related to the audit of employee benefit plans and other attestation services not required by statute or regulation.

(3) Tax Fees. This category pertains to fees for professional services provided related to tax compliance, tax planning and tax advice.

(4) Other Fees. All other fees relate to a subscription for accounting-related research software.

#### Pre-Approval Policy

Pursuant to the charter for the audit committee, the audit committee pre-approves all auditing services and permissible non-audit services to be performed by our independent registered public accounting firm and the associated fees. The audit committee can delegate this responsibility to one or more of its members, provided that such pre-approval decision is presented to the full audit committee and its next scheduled meeting. All services performed and related fees billed by Marcum LLP and Ernst & Young LLP during the fiscal years presented above were approved by the audit committee. Of the total aggregate fees in 2018, less than 0.3% were approved by the audit committee pursuant to the de minimis exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

**THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**

## REPORT OF THE AUDIT COMMITTEE

The audit committee reviews and monitors the financial reporting process of CTI BioPharma Corp. (the “Company”) on behalf of the board of directors and reviews the Company’s system of internal controls. We act only in an oversight capacity, however, and it is management that has the primary responsibility for the financial statements, establishing and maintaining adequate internal controls, and the reporting process. Ernst & Young LLP is responsible for expressing opinions on the conformity of the Company’s financial statements with generally accepted accounting principles, on management’s assessment of the effectiveness of the Company’s internal control over financial reporting, and on the effectiveness of the Company’s internal control over financial reporting. Each member of the audit committee is an independent director as determined by the board of directors, based on the Nasdaq Rules and the SEC’s independence requirements for members of audit committees. In addition, the board of directors has determined that Michael A. Metzger is an “audit committee financial expert,” as defined by SEC rules.

We operate under a written charter, a copy of which is available on the Company’s website at <http://www.ctibiopharma.com>. As more fully described in our charter, the purpose of the audit committee is to assist the board of directors in its oversight and monitoring of the Company’s financial statements, internal controls and audit matters. We meet each quarter with Ernst & Young LLP and management to review the Company’s interim financial results before the publication of the Company’s quarterly reports. Management’s and Ernst & Young LLP’s presentations to and discussions with the audit committee cover various topics and events that may have significant financial impact and/or are the subject of discussions between management and the independent registered public accounting firm. In accordance with the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), we are directly responsible for the appointment, compensation, retention, oversight and, when appropriate, replacement of our independent registered public accounting firm, including the audit fee negotiations associated with the retention of the firm. We also lead the selection of the lead audit partner, working with Ernst & Young LLP with input from management.

In accordance with existing audit committee policy and the requirements of the Sarbanes-Oxley Act, all services to be provided by Ernst & Young LLP are subject to pre-approval by the audit committee or one of its members to whom such authority may from time to time be delegated. This includes audit services, audit-related services, tax services and other services. Such pre-approval relates to a particular category or group of services and is subject to a specific budget. The Sarbanes-Oxley Act prohibits an issuer from obtaining certain non-audit services from its auditing firm so as to avoid certain potential conflicts of interest; we have not in recent years obtained any of these services from Ernst & Young LLP, and we are able to obtain such services from other service providers at competitive rates.

In addition, we recommend the ratification of the appointment of the independent registered public accounting firm and review their proposed audit scope, approach and independence. Ernst & Young LLP has served as our independent registered public accounting firm since August 2, 2018. In determining whether to reappoint Ernst & Young LLP, we took into consideration a number of factors, including the length of time the firm has been engaged and the knowledge the firm has of our operations, accounting policies and practices and internal control over financial reporting, the quality of our ongoing discussions with Ernst & Young LLP and an assessment of the professional qualifications and past performance of the lead audit partner and Ernst & Young LLP. In order to assure continuing auditor independence, we also periodically consider whether there should be a regular rotation of our independent registered public accounting firm. We discussed with Ernst & Young LLP other matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board. In addition, we have received from, and discussed with, Ernst & Young LLP their annual written report on their independence from us and our management, as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence and discussed with the auditor whether the provision of any non-audit services provided to the Company by them during 2018 were compatible with the auditor’s independence. Following this evaluation, we concluded that the selection of Ernst & Young LLP as the independent registered public accounting firm is in the best interest of the Company and its stockholders.

We are not professional accountants or auditors and our duties are not intended to duplicate or to certify the activities of management or the independent registered public accounting firm. It is not the audit committee’s duty to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in

accordance with generally accepted accounting principles. Consequently, the audit committee is not providing any professional certification as to the work of the independent registered public accounting firm or any expert assurance as to the financial statements.

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We have reviewed and discussed the Company's audited financial statements with management and Ernst & Young LLP. Management has represented to the Audit Committee that the financial statements were prepared in accordance with generally accepted accounting principles.

Based upon the review and discussions described in this report, we recommended to the board of directors that the audited consolidated financial statements be included in the 2018 Annual Report for filing with the SEC.

Respectfully submitted by the audit committee:

Michael A. Metzger, Chairman

Laurent Fischer, M.D.

Reed V. Tuckson, M.D.

PROPOSAL 5:  
ADVISORY VOTE ON EXECUTIVE COMPENSATION

Summary

We are providing our stockholders with the opportunity to cast a non-binding advisory vote on the compensation of our named executive officers as disclosed pursuant to the SEC's executive compensation disclosure rules and set forth in this proxy statement (including in the compensation tables and narratives accompanying those tables"). As a smaller reporting company, we are electing to comply with scaled back disclosure requirements applicable to smaller reporting companies pursuant to Regulation S-K.

As described more fully under "Executive Compensation", the objectives of our executive compensation program are to allow us to recruit and retain the most qualified personnel, to create a direct relationship between executive compensation and performance and to create proper incentives to enhance our value and reward superior performance.

In furtherance of these objectives, our executive compensation program includes a number of features intended to reflect best practices in the market and help ensure that the program reinforces stockholder interests by directly linking the compensation we pay our executives to our performance. These features are described in more detail in under "Executive Compensation" and include the following:

We generally structure the total annual compensation opportunity for each of our named executive officers so that the greatest emphasis is on "at-risk" pay (annual cash incentive compensation opportunity and grant of equity incentive compensation), with the greatest portion of "at-risk" pay generally being in the form of stock options with a value directly dependent on stock price appreciation.

Executives' bonuses under our annual incentive program are determined by our compensation committee based on our achievement of operational goals established in advance by the board or compensation committee (with executives other than Dr. Craig potentially being subject to a limited individual performance component).

We make equity award grants to our named executive officers in the form of stock options, which we believe further align executives' interests with those of stockholders (as stock options will have value only if our stock price increases after the grant date) and also provide an additional retention incentive as the options generally vest over a multi-year period.

We generally do not provide material perquisites to our named executive officers.

We have adopted a Stock Ownership Policy and a Policy Regarding the Recoupment of Certain Compensation Payments (compensation "clawback" policy), as well as revisions to our Insider Trading Policy to prohibit certain hedging and pledging transactions in our securities by our directors and officers, all as discussed in more detail below.

Our named executive officers are not entitled to gross-up payments for any "parachute payment" taxes under Sections 280G and 4999 of the Internal Revenue Code, nor are they entitled to any severance or other benefits that are triggered solely by the occurrence of a change in control.

In accordance with the requirements of Section 14A of the Exchange Act and the related rules of the SEC, our board of directors requests your advisory vote on the following resolution at the Annual Meeting:

RESOLVED, that the compensation paid to our named executive officers, as disclosed in this proxy statement pursuant to the SEC's executive compensation disclosure rules (which disclosure includes the compensation tables and the narrative discussion that accompanies the compensation tables), is hereby approved.



This vote is an advisory vote only and is not binding on us, our board of directors or the compensation committee, and will not be construed as overruling a decision by, or creating or implying any additional fiduciary duty for, the board or the compensation committee. However, the compensation committee, which is responsible for designing and administering our executive compensation program, values the opinions expressed by stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

Our current policy is to provide stockholders with an opportunity to approve the compensation of our named executive officers every year at the annual meeting of stockholders. It is expected that the next such vote will be held at the 2020 annual meeting of stockholders.

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

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## EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers as of March 14, 2019:

| Name                       | Age | Position   |
|----------------------------|-----|--|
| Adam R. Craig, M.D., Ph.D. | 53  | President, Chief Executive Officer and Interim Chief Medical Officer |
| David H. Kirske            | 64  | Executive Vice President, Chief Financial Officer and Secretary      |
| Bruce J. Seeley            | 54  | Executive Vice President and Chief Operating Officer                 |

For biographical information concerning Adam R. Craig, M.D., Ph.D., who is one of our directors as well as one of our executive officers, please see the section of this proxy statement titled “Proposal 1: Election of Directors”.

David H. Kirske assumed his role as our Executive Vice President, Chief Financial Officer in September 2017. Prior to this, he served as our Principal Financial and Accounting Officer since August 2017. Mr. Kirske leads our finance, accounting and investor relations teams. Prior to his appointment, Mr. Kirske had been an independent chief financial officer (CFO) consultant since January 2013. As a consultant, he provided financial management services to public and emerging growth private companies primarily in the biotechnology industry, as well as in technology and manufacturing.

Mr. Kirske’s financial management experience includes overseeing finance, accounting, operations, and capitalization, in both debt and equity. Prior to his time as a consultant, Mr. Kirske served as Vice President and CFO of Helix BioMedix where he managed all financial and administrative activities. Previously, he was the Treasurer and Corporate Controller for F-5 Networks and Redhook Brewery where he managed both corporate and international entities, as well as being part of the management teams that led and executed each company’s successful initial public offerings. Earlier in his career, he held a controllership position at Cray Computer. Mr. Kirske holds a B.A. in Business Administration from the University of Puget Sound.

Bruce J. Seeley assumed his role as our as Executive Vice President and Chief Operating Officer in September 2017. He joined us in July 2015 as Executive Vice President and Chief Commercial Officer. Mr. Seeley previously served as Senior Vice President and General Manager, Diagnostics at NanoString Technologies, Inc. from May 2012 to March 2015. From October 2009 to March 2012, Mr. Seeley was Executive Vice President, Commercial, at Seattle Genetics, Inc. Prior to that, from August 2004 to October 2009, Mr. Seeley served in various commercial roles at Genentech, Inc. (now a member of the Roche Group). From 1996 to 2004, Mr. Seeley held various roles at Aventis Pharmaceuticals Inc. (now a part of Sanofi) in global and U.S. marketing, sales and new product commercialization and licensing. Prior to that, from 1991 to 1996, he served in sales at Bristol-Myers Squibb Company. Mr. Seeley received a B.A. in Sociology from the University of California at Los Angeles.

## EXECUTIVE COMPENSATION

### Executive Summary

This section describes the 2018 compensation we paid to our 2018 named executive officers who are listed in the “Summary Compensation Table –2017 and 2018” below.

#### Compensation Philosophy and Structure; Emphasis on Pay-for-Performance

We believe that compensation of our named executive officers should encourage creation of stockholder value and achievement of strategic corporate objectives. Our intent is to align the interests of our stockholders and management by integrating compensation with our short-term and long-term corporate strategic and financial objectives. In order to attract and retain the most qualified personnel, we offer a total compensation package that we believe is competitive with those offered by similar companies in the pharmaceutical industries, taking into account relative company size, performance and, to a limited degree, geographic location as well as individual responsibilities and performance. Our executive compensation program emphasizes “pay for performance” by aligning the compensation of our named executive officers with stockholders’ interests. To create this alignment, a significant portion of compensation is “at risk.” In this proxy statement, we refer to compensation as being “at risk” if it is subject to performance-based vesting criteria and/or time-based vesting criteria (whereby the awards will generally be forfeited unless the executive remains employed by us for the designated period of time), and/or the value of the award is based on our stock price. In general, the portion of compensation guaranteed and not at risk for any fiscal year represents only a fraction of the total potential compensation.

Approximately 81% of Dr. Craig’s target total direct compensation for 2018 is “at-risk” as described above. For these purposes, “target total direct compensation” refers to Dr. Craig’s base salary, target bonus opportunity and equity-based awards granted during the fiscal year (valued using the grant date fair value of the award as determined for accounting purposes).

#### 2018 Named Executive Officer Pay Mix

The primary elements of our executive compensation program include base salaries, annual cash incentives and equity incentives. In 2018, we also granted special incentives to certain of our named executive officers that were designed to provide incentives towards achievement of specific goals. See “Special Incentives” section below.

Consistent with our performance-based compensation philosophy, we generally balance the total annual compensation opportunity for each of our named executive officers so that the greatest emphasis is on “at-risk” pay (annual cash incentive compensation opportunity and grant of equity incentive compensation), with the greatest portion of “at-risk” pay generally being in the form of equity incentive compensation that has a value derived from our stock price and also has either a significant performance-based vesting component or a value directly dependent on stock price appreciation.

We also provide the named executive officers with benefits that are available to most of our other employees in the U.S., including a 401(k) plan, employee stock purchase plan, health and welfare programs and group life insurance and also with certain severance protections. In general, these benefits are intended to attract and retain highly qualified executives.

#### Compensation Process; Compensation Consultant

Our compensation committee generally does not set compensation levels benchmarked relative to any specific level or percentile against any peer group data. In general, the compensation committee’s executive compensation determinations are subjective and the result of the compensation committee’s business judgment, which is informed by the experiences of the members of the compensation committee, and the analysis and input from executive compensation consultants it retains from time to time, as well as the compensation committee’s assessment of overall compensation trends and trends specific to our industry.

Differences in compensation levels for our named executive officers are driven by the compensation committee's assessment, in its judgment, of each executive's overall responsibilities and contributions, experience and performance history and/or potential for

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future responsibility and promotion and awareness of compensation differentials for similar positions based on the compensation committee's business experience and input from Radford, the compensation committee's compensation consultant, based on its competitive compensation analysis. The compensation committee also considers the recommendations of our Chief Executive Officer with respect to the compensation for each executive other than himself. Our compensation committee does not assign a specific weight to these factors and none of these factors by itself will compel a particular compensation decision. The compensation committee has final authority to determine the compensation of our named executive officers.

The compensation committee also has sole authority to hire, retain and terminate the services of an independent compensation consultant to assist in its decision-making process. In June 2018, the compensation committee engaged Radford to provide consulting services with regard to the compensation of our executive officers and directors and to perform a comprehensive review of our compensation arrangements for our executive officers and directors. Other than its engagement by the compensation committee, Radford provides no other services to us or any of our subsidiaries. The compensation committee has assessed the independence of Radford and concluded that its engagement of Radford does not raise any conflict of interest with us or any of our directors or executive officers.

In July 2017, the compensation committee, with input from Frederic W. Cook & Co., Inc. ("FW Cook"), determined that the peer group of companies used to assess our executive compensation program should consist primarily of U.S.-based drug development and pharmaceutical companies that, at the time the compensation committee considered the peer group, had been publicly traded for at least two years, were in the pre-commercial stage of their development and generally had a market capitalization between \$50 million and \$500 million.

FW Cook provided data on the executive and director compensation practices of these peer companies, provided advice on the changes to our executive and director compensation programs discussed in this proxy statement, and provided advice during 2017 with respect to Dr. Craig's employment agreement and the compensation arrangements for Mr. Kirske and Mr. Seeley.

#### Base Salaries

The compensation committee establishes base salary levels for the named executive officers in its judgment, taking into account its general assessment of each executive's overall responsibilities and contributions and the executive's performance history and/or potential for future responsibility and promotion. In 2018, the compensation committee made a market competitive increase to the base salary for Dr. Craig of less than 3% following its review of data provided by Radford for chief executive officers at comparable positions with the peer companies identified above as well as his responsibilities and tenure with us. No changes were made to the base salaries for Mr. Kirske and Mr. Seeley, which were established as part of their appointments in September 2017, or to Dr. Singer's base salary.

The 2018 annual base salaries paid to our named executive officers are set forth in the "Summary Compensation Table – 2017 and 2018" below.

#### Annual Cash Incentive Compensation

##### Composition of the Award

Annual cash incentives for our named executive officers are designed to reward performance for achieving key corporate goals, which we believe when they are established will help to increase stockholder value. In general, the annual incentive awards for the named executive officers are subject to achievement of performance objectives established by the compensation committee for the fiscal year and, for executives other than Dr. Craig, an evaluation by the compensation committee of the contributions made by an individual executive during the course of the year. Although we have adopted the framework for our annual incentive program described below, the compensation

committee retains discretion under the program to take into account developments in our business and changes in our strategic priorities that occur during the year in determining the amounts to be awarded to our executives.

Size of the Award Opportunity

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Dr. Craig's employment agreement provides that his target annual bonus will be 55% of his base salary. In connection with his appointment as our Chief Business Officer in September 2017, Mr. Seeley's target bonus was increased to 40% of his base salary. In connection with his appointment as our Chief Financial Officer in September 2017, the compensation committee approved a target bonus for Mr. Kirske of 35% of the base salary he actually received for his services during 2018. The determination of these target bonus levels was inherently subjective, determined by the compensation committee in its discretion taking into account its general assessment of each executive's overall responsibilities and contributions and the executive's performance history and/or potential for future responsibility and promotion, the compensation committee's assessment of the potential value of the award and its judgment as to the reasonableness of the compensation opportunities provided for the executive's particular position. The compensation committee believes that each named executive officer's bonus opportunities were appropriate taking into account the performance that would be required to earn these amounts.

#### 2018 Cash Incentive Performance Objectives

The compensation committee approved seven key developmental and strategic milestones as the performance metrics under the 2018 annual incentive plan, all of which achieved in full or overachievement. Based on the performance results for each component, the compensation committee determined that each of Dr. Craig, Mr. Seeley, and Mr. Kirske would be awarded 100% of his target bonus under the plan for 2018. The actual amounts paid to each named executive officer for are set forth in the "Non-Equity Incentive Compensation" column of the "Summary Compensation Table – 2017 and 2018."

#### Equity Incentive Compensation

The compensation committee awards equity incentive compensation to our executive officers to further align their interests with those of our stockholders, to provide a retention incentive over the applicable vesting period, and, in the case of equity awards with performance-based vesting requirements, to provide additional incentives to our executive officers to achieve specified corporate goals and strategic objectives. Our current practice is to grant equity awards to our executives in the form of stock options. Because stock options have value only if the price of our shares increases over the vesting period of the option, we believe these awards are performance-based, further link executives' interests to those of our stockholders, and are consistent with common equity award grant practices for the peer companies.

#### 2018 Annual Equity Grants

On May 16, 2018, we approved annual stock options to Dr. Craig, Mr. Kirske, Mr. Seeley, and Dr. Singer following stockholder approval of our amended and restated Stock Plan. The material terms of these grants are described in the "Outstanding Equity Awards at Fiscal 2018 Year-End" table. The compensation committee determined that these grants were appropriate to provide additional retention incentives to these executives and other employees during a period of transition for us.

The levels for the equity awards we grant to our named executive officers are inherently subjective, determined by the compensation committee in its discretion taking into account its general assessment of each executive's overall responsibilities and contributions and the executive's performance history and/or potential for future responsibility and promotion, the compensation committee's assessment of the potential value of the award and its judgment as to the reasonableness of the compensation opportunities provided for the executive's particular position. The compensation committee believes that each named executive officer's level of equity awards granted for 2018 was appropriate taking into account the applicable vesting requirements and the incentives created by the awards.

#### Perquisites and Other Benefits



We maintain executive health programs for the benefit of the named executive officers, and these executives are also entitled to participate in our benefit programs that are available to all of our employees, including our 401(k) and employee stock purchase plan. We generally do not provide material perquisites to our executives.

Special Incentives

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On September 18, 2018, our board of directors, upon recommendation from the compensation committee, approved cash incentives for Dr. Craig (55% of his annual base salary), Mr. Seeley (20% of his annual base salary), and Mr. Kirske (17.5% of his annual base salary) and granted stock options to Dr. Craig (600,000), Mr. Seeley (125,000) and Mr. Kirske (125,000). The cash incentives and the stock options granted to Messrs. Seeley and Kirske were eligible to vest (and in the case of the cash award, were payable) only upon the compensation committee's certification of the European Medicines Agency approval of the Marketing Authorization Application for pacritinib (the "MAA Award Vesting Criteria"), assuming that such approval occurs no later than September 30, 2019 and the named executive officer remains employed with us through such time. Dr. Craig's option vests in six equal semi-annual installments over a three-year period commencing on September 18, 2018 subject to continued employment with us through the applicable vesting dates, such that the option will be fully vested on September 18, 2021. These awards were designed to provide additional retention incentives and motivate and reward them for achievement of a key business milestone. In February 2019, the compensation committee determined that the MAA Award Vesting Criteria had not and, based on existing business conditions, could not be satisfied and the compensation committee cancelled the awards. The material terms of these grants are described in the "Outstanding Equity Awards at Fiscal 2018 Year-End" table.

#### No Tax Gross-Ups for "Parachute Payments"

Our executive compensation agreements do not provide any executive a right to be reimbursed for any excise taxes imposed on his termination benefits and any other payments under Sections 280G and 4999 of the Internal Revenue Code (generally referred to as "parachute payments").

#### Compensation Clawback Policy

We have implemented a Policy Regarding the Recoupment of Certain Compensation Payments (a compensation "clawback" policy) under which we may require reimbursement or cancellation of any cash bonus or incentive payment to an officer or employee where the amount of any such cash payment was determined based on the achievement of financial results that were subsequently the subject of an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws and a lesser payment would have been made to the individual based upon the restated financial results.

#### Anti-Hedging Policy

To help ensure that directors and officers do not engage in transactions that would allow them to gain from declines in the price of our securities, we adopted an amendment to our Insider Trading Policy in December 2015 that restricts our directors and officers from engaging in any hedging or monetization transaction that might allow them to gain from or offset any decrease in the market value of our securities.

#### Anti-Pledging Policy

To help ensure that the directors and officers maintain sufficient control over the timing of their transactions in our securities, we adopted an amendment to our Insider Trading Policy in December 2015 that prohibits our directors and officers from margining any of our securities in a margin account or otherwise pledging any of our securities as collateral for a loan.

#### Stock Ownership Policy

We believe that members of the board of directors and our executive officers should hold our stock to further align their interests with the interests of our stockholders. Accordingly, we have adopted a Stock Ownership Policy applicable to members of the board and all of our executive officers. Under the Stock Ownership Policy, our Chief

Executive Officer should own our common stock with a fair market value of at least six times his annual base salary, each of our executive officers should own our common stock with a fair market value of at least one times his annual base salary, and each non-employee member of the board of directors should own our common stock with a fair market value of at least five times the base annual cash retainer then in effect under our Director Compensation Policy. Shares taken into account under the policy include shares beneficially owned by the individual, including shares held in trust for the

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benefit of the individual or his family members, and shares subject to equity awards held by the individual (other than shares subject to stock option grants and shares subject to awards with unsatisfied performance-based vesting requirements). An individual covered by the guidelines is expected to satisfy the applicable level of ownership by the later of December 31, 2020 or five years after he or she first becomes subject to the policy, need not satisfy any increased level of ownership resulting from a change in position or compensation until five years after the change, and need not satisfy any shortfall caused by a decline in stock price earlier than two years after the change in stock price. If an individual covered by the guidelines does not satisfy the applicable level of ownership within the applicable time described above, the individual will be expected to hold toward satisfying the policy one-half of the net shares (after reducing the original number of shares for the exercise or purchase price of the award and the estimated tax liability resulting from the exercise, vesting, and payment of the award) acquired upon exercise or payment of an equity award that is exercised or paid after that time.

Summary Compensation Table - 2017 and 2018

The following table sets forth information concerning compensation for fiscal years 2017 and 2018 for services rendered by our named executive officers.

| Name and Principal Position  | Year | Salary<br>(\$) | Bonus<br>(\$) <sup>(1)</sup> | Non-Equity<br>Incentive Plan<br>Compensation (\$) <sup>(2)</sup> | Option<br>Awards<br>(\$) <sup>(3)</sup> | All Other<br>Compensation<br>(\$) <sup>(4)</sup> | Total (\$) |
|--|------|----------------|------------------------------|--|---|--|------------|
| Adam R. Craig, M.D.<br>President, Chief Executive Officer<br>and Interim Chief Medical Officer   | 2018 | 563,750        | —                            | 311,575  | 2,149,080                               | 8,250  | 3,032,655  |
|  | 2017 | 433,653        | 80,000                       | 302,500  | 4,453,440                               | 298,396  | 5,567,989  |
| David H. Kirske<br>Executive Vice President, Chief<br>Financial Officer  | 2018 | 350,000        | —                            | 122,500  | 402,980                                 | 8,250  | 883,730    |
|  | 2017 | 122,776        | —                            | 42,971   | 740,708                                 | 51,538   | 957,993    |
| Bruce J. Seeley<br>Executive Vice President, Chief<br>Operating Officer  | 2018 | 410,000        | —                            | 164,000  | 551,082                                 | 8,250  | 1,133,332  |
|  | 2017 | 384,827        | —                            | 125,439  | 938,978                                 | 8,100  | 1,457,344  |
| Jack W. Singer <sup>(5)</sup><br>Former Executive Vice President,<br>Chief Scientific Officer, Interim<br>Chief Medical Officer and Global<br>Head of Translational Medicine | 2018 | 269,744        | —                            | —  | 271,514                                 | 793,369  | 1,334,627  |
|  | 2017 | 400,000        | —                            | 120,000  | 427,618                                 | 33,600   | 981,218    |

- (1) This column includes a signing bonus awarded to Dr. Craig under his new employment agreement entered into during 2017.

- (2) This column reflects amounts awarded to our named executive officers under our annual bonus program. For more information, see “—Annual Cash Incentive Compensation.”

The amounts reported in the “Option Awards” column reflect the grant date fair value, computed in accordance with FASB ASC Topic 718, of the option awards granted to our named executive officers during the applicable fiscal year, and, with respect to each fiscal year in which an option award was modified, the incremental fair value of the modified award computed in accordance with FASB ASC Topic 718. In the case of awards with performance-based vesting conditions other than market (stock price) based vesting conditions, grant date fair values (and incremental fair values, as the case may be) are calculated for this purpose based upon the outcome (as of the grant date, or, if modified, as of the modification date) of the performance-based condition.

- (3) These amounts in the “Option Awards” column do not necessarily correspond to the actual cash value that will be recognized by the named executive officers pursuant to these awards. For a discussion of the assumptions and methodologies used to calculate the amounts reported, please see the discussion of equity awards contained in Note 12 (Share-Based Compensation) to our Consolidated Financial Statements for the fiscal year ended December 31, 2018, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 13, 2019.

Even though the option awards granted to the named executive officers in 2017 and 2018 have value for purposes of and as disclosed in the “Summary Compensation Table” above in accordance with applicable SEC rules, these options will have value for the award recipient only if the price of our common shares appreciates above the respective exercise price.

- (4) The following table provides detail on the amounts reported in the “All Other Compensation” column of the table above for each named executive officer:

| Name                 | Executive Health Benefits (\$) | Life Insurance Premiums (\$) | 401(k) Match (\$) | Severance Payments (\$) | Total (\$) |
|----------------------|--------------------------------|------------------------------|-------------------|-------------------------|------------|
| Adam R. Craig, M.D.  | —                              | —                            | 8,250             | —                       | 8,250      |
| David H. Kirske      | —                              | —                            | 8,250             | —                       | 8,250      |
| Jack W. Singer, M.D. | 19,125                         | —                            | 8,092             | 766,152 <sup>(a)</sup>  | 793,369    |
| Bruce J. Seeley      | —                              | —                            | 8,250             | —                       | 8,250      |

- (a) This amount includes \$46,152 in paid out vacation at the time of Dr. Singer’s resignation, as well as \$720,000 in severance cash payments payable at a rate of \$40,000 per month for eighteen months following September 4, 2018.

- (5) All compensation reflected in this table for Dr. Singer was paid in connection with his service as one of our officers and not in connection with his service as a director. Dr. Singer resigned as a director effective June 2, 2017 and resigned as an officer effective September 4, 2018.

The foregoing “Summary Compensation Table” should be read in conjunction with the tables and narrative descriptions that follow. The “Outstanding Equity Awards at Fiscal 2018 Year-End” table provides further information on the named

executive officers' potential realizable value with respect to their equity awards. The "Potential Payments upon Termination or Change in Control" section provides information on the benefits the named executive officers may be entitled to receive in connection with certain terminations of their employment and/or a change in control and includes a description of the severance and other benefits provided to Dr. Singer in connection with his resignation during the year.

#### Description of Employment Agreements-Cash Compensation

In February 2017, we entered into an employment agreement with Dr. Craig in connection with his hiring as President and Chief Executive Officer. The employment agreement has a five-year term, with automatic one-year renewals unless either party gives notice that the term will not be extended. The agreement provides for Dr. Craig to receive an initial annual base salary of \$550,000 and to have a target annual bonus level of 55% of base salary, both of which may be increased but not decreased in the compensation committee's sole discretion. In February 2019, our compensation committee approved an increase in base salary and bonus opportunity for Dr. Craig, to \$600,000 and 60% of his base salary, respectively. Dr. Craig will be eligible to participate in our employee benefit plans and will accrue four weeks paid time off per year. In joining us, Dr. Craig agreed to relocate to the Seattle, Washington area no later than September 1, 2017 (and Dr. Craig did in fact relocate to Seattle prior to that date). The agreement provides that prior to his relocation, we will pay him \$7,000 per month to assist with the cost of temporary living in Seattle and travel between his personal residence and Seattle and will pay for or provide him with temporary housing to cost not more than \$5,500 per month. The agreement also provides for Dr. Craig to receive a signing bonus of \$80,000 in connection with his commencement of employment and \$120,000 to assist with the relocation of his personal residence to Seattle, each of which was subject to repayment to us if his employment was terminated prior to March 20, 2018 (or, in the case of the relocation payment, prior to the first anniversary of his relocation to Seattle), other than a termination by us without "Cause," by him for "Good Reason," or due to his death or "Disability" (as such terms are defined in the agreement). In October 2018, following approval by the compensation committee of our board of directors, we and Dr. Craig entered into an amendment to Dr. Craig's

employment agreement. Pursuant to the amendment, if Dr. Craig's employment terminates before the end of a fiscal year, Dr. Craig is eligible for a prorated portion of his annual incentive bonus corresponding to such fiscal year. Such incentive bonus, if any, will be paid at such time we pay bonuses to other executives.

In connection with his appointment as our principal financial and accounting officer, we entered into an offer letter with Mr. Kirske in July 2017. The letter provided that his employment with us would be on a temporary basis (for six months as noted above, subject to extension in six-month increments) and on a part-time basis (for 30 hours per week). The letter provided for Mr. Kirske to receive base salary at an annual rate of \$185,000 and to be eligible for a short-term discretionary bonus at a target of 24% of his base salary, as well as being eligible to participate in our standard employee benefit programs. In September 2017, Mr. Kirske was appointed as our Chief Financial Officer and commenced full-time employment, with his annual base salary level being increased to \$350,000 and his target annual bonus being set at 35% of his base salary. In February 2019, our compensation committee approved an increase in base salary and bonus opportunity for Mr. Kirske, to \$360,500 and 40% of his base salary, respectively.

In July 2015, we entered into an offer letter with Mr. Seeley. The letter does not have a specified term and provides for Mr. Seeley to receive an initial annualized base salary of \$375,000. Mr. Seeley is eligible to receive an annual discretionary bonus, with a target bonus of 30% of base salary and a maximum bonus of 75% of base salary, and to participate in our benefit programs. In September 2017, Mr. Seeley's annual base salary level was increased to \$410,000 in connection with his appointment as our Chief Operating Officer, and his target annual bonus was increased to 40% of base salary, effective for 2018. In February 2019, our compensation committee approved an increase in base salary for Mr. Seeley, to \$422,300.

Provisions of the foregoing agreements relating to equity incentive awards, as well as post-termination and change in control benefits provided under Dr. Craig's employment agreements and severance agreements we have entered into with our other current executive officers, are discussed below under the applicable sections of this proxy statement.

#### Outstanding Equity Awards at Fiscal 2018 Year-End

The following table presents information regarding the outstanding equity awards held by each of our named executive officers as of December 31, 2018, including the vesting dates for the portions of these awards that had not vested as of that date.

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| Name/Award Type <sup>(1)</sup> | Grant Date | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) | Option Expiration Date |
|--------------------------------|------------|---|---|--|----------------------------|------------------------|
| Adam R. Craig                  |            |   |   |  |                            |                        |
| Option <sup>(2)</sup>          | 3/20/2017  | 600,000   | 600,000   | —  | 4.24                       | 3/20/2027              |
| Option <sup>(3)</sup>          | 9/29/2017  | 150,000   | 300,000   | —  | 3.19                       | 9/29/2027              |
| Option <sup>(4)</sup>          | 5/16/2018  | 79,167  | 395,833   | —  | 4.14                       | 5/16/2028              |
| Option <sup>(5)</sup>          | 9/18/2018  | —   | 600,000   | —  | 1.88                       | 9/18/2028              |
| David H. Kirske                |            |   |   |  |                            |                        |
| Option <sup>(6)</sup>          | 8/31/2017  | 25,000  | -   | —  | 3.25                       | 8/31/2027              |
| Option <sup>(3)</sup>          | 9/29/2017  | 105,000   | 210,000   | —  | 3.19                       | 9/29/2027              |
| Option <sup>(4)</sup>          | 5/16/2018  | 13,900  | 69,496  | —  | 4.14                       | 5/16/2028              |
| Option <sup>(9)</sup>          | 9/18/2018  | —   | —   | 125,000  | 1.88                       | 9/18/2028              |
| Bruce J. Seeley                |            |   |   |  |                            |                        |
| Option <sup>(7)</sup>          | 12/23/2015 | 82,500  | 27,500  | —  | 12.40                      | 12/23/2025             |
| Option <sup>(8)</sup>          | 3/1/2017   | 30,000  | 30,000  | —  | 4.33                       | 3/1/2027               |
| Option <sup>(3)</sup>          | 9/29/2017  | 116,668   | 233,332   | —  | 3.19                       | 9/29/2027              |
| Option <sup>(4)</sup>          | 5/16/2018  | 22,485  | 112,421   | —  | 4.14                       | 5/16/2028              |
| Option <sup>(9)</sup>          | 9/18/2018  | —   | —   | 125,000  | 1.88                       | 9/18/2028              |
| Jack W. Singer, M.D.           |            |   |   |  |                            |                        |
| Aequus Option <sup>(10)</sup>  | 12/13/2016 | 300,000   | —   | —  | 0.20                       | 12/13/2026             |

- (1) Unless otherwise noted, all information in this table pertains to equity-based securities issued by us.
- (2) These options vest in six semi-annual installments, with the first such vesting on September 20, 2017 and the sixth and final such installment vesting on March 20, 2020.
- (3) These options vest in six semi-annual installments, with the first such vesting on March 29, 2018 and the sixth and final such installment vesting on September 29, 2020.
- (4) These options vest in six semi-annual installments, with the first such vesting on September 9, 2018 and the sixth and final such installment vesting on March 9, 2021.
- (5) These options vest in six semi-annual installments, with the first such vesting on March 18, 2019 and the sixth and final such installment vesting on September 18, 2021.
- (6) This option vests in twelve monthly installments, with the first such installment vesting on September 30, 2017 and the final such installment vesting on August 31, 2018.
- (7) These options vest in eight semi-annual installments, with the first such installment vesting on June 23, 2016 and the eighth and final such installment vesting on December 23, 2019.
- (8) These options vest in six semi-annual installments, with the first such vesting on September 1, 2017 and the sixth and final such installment vesting on March 1, 2020.
- (9) These options vest 100% upon the compensation committee's certification of the European Medicines Agency approval of the Marketing Authorization Application for pacritinib, if such approval occurs no later than September 30, 2019. In February 2019, the compensation committee determined that the foregoing vesting criteria had not and, based on existing business conditions, could not be satisfied and the compensation committee



cancelled the awards.

This option (which covers shares of common stock of Aequus, our majority-owned subsidiary, as described<sup>(10)</sup> above) vests in four semi-annual installments, with the first such installment vesting on April 26, 2017 and the final such installment vesting on October 26, 2018.

#### Potential Payments upon Termination or Change in Control

##### Termination Benefits

The following describes the termination benefits that may become payable to the named executive officers in connection with a termination of their employment. Each named executive officer's right to receive termination benefits is conditioned upon his executing a release of claims in our favor and complying with certain restrictive covenants. None of the named executive officers is entitled to any tax gross-up payments from us. The following section also describes the severance benefits that became payable to Dr. Singer in connection

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with his resignation as our Executive Vice President, Chief Scientific Officer, Interim Chief Medical Officer and Global Head of Translational Medicine in September 2018.

#### Named Executive Officers' Termination Benefits

Under Dr. Craig's employment agreement with us described above, if his employment is terminated by us without Cause, due to his death or Disability, by him for Good Reason (as such terms are defined in the agreement) or we choose not to renew Dr. Craig's employment, he will be entitled to receive, subject to providing a release of claims and abiding by certain restrictive covenants set forth in the agreement, (i) an amount equal to one and one-half times the sum of his annual base salary at the rate then in effect and his target incentive bonus amount for the year in which his termination occurs, such amount to be payable in six equal monthly installments (or to be paid in a lump sum if such termination occurs on or within two years after a change in control), (ii) reimbursement for COBRA premiums for up to eighteen months, (iii) reimbursement for life insurance premiums for eighteen months (to the extent life insurance coverage was in effect and paid for by us at the time of his termination), and (iv) payment of the prorated portion of his incentive bonus due to him for the fiscal year during which his employment was terminated.

We have entered into severance agreements with Mr. Kirske and Mr. Seeley. These severance agreements provide that, if the executive is discharged from employment by us without cause (as defined in the agreement) or resigns for good reason (as defined in the agreement), he will receive the following termination benefits:

- cash severance equal to a specified number of months of his base salary (18 months for Mr. Seeley and 12 months for Mr. Kirske), to be paid in monthly installments over the applicable period;
- additional cash severance equal to the greater of the average of his three prior years' bonuses or a specified percentage of the executive's base salary (30% for Mr. Seeley and 35% for Mr. Kirske);
- reimbursement for up to the eighteen months (or twelve months for Mr. Kirske) for COBRA premiums to continue his medical coverage and that of his eligible dependents;
- continued payment for up to eighteen months (or twelve months for Mr. Kirske) of premiums to maintain life insurance paid for by us at the time of his termination; and
- accelerated vesting of all of his then-outstanding and unvested stock-based compensation (with outstanding and vested stock options remaining exercisable for three months following the termination date).

#### Change in Control Benefits

In the event of a change in control, in accordance with our equity incentive plans, all of the outstanding equity-based awards (including the awards held by the named executive officers) generally would also vest on a change in control if the awards were to be terminated in connection with the change in control (i.e., accelerated vesting would not be required if the compensation committee provided for the assumption, substitution or other continuation of the award following the transaction). If the awards did not become fully vested on the change in control transaction, they would generally become fully vested/exercisable if the award holder's employment was terminated by the successor (other than for misconduct) within twelve months following the change in control (subject to any additional vesting protections provided for pursuant to the executive's employment or severance agreement).

#### Separation Agreement with Dr. Singer

Dr. Singer resigned as our Executive Vice President, Chief Scientific Officer, Interim Chief Medical Officer and Global Head of Translational Medicine, effective September 4, 2018. In connection with his resignation, we entered into a Separation and Release Agreement with Dr. Singer that provides for him to receive cash severance payments totaling \$720,000, paid over 18 months, and payment of his health and life insurance premiums for up to 18 months following his resignation. All of Dr. Singer's outstanding stock options granted by us became fully vested and exercisable immediately upon Dr. Singer's resignation, subject to the expiration date of the option. The agreement also

includes a general release of claims by Dr. Singer in our favor and certain customary confidentiality, non-solicit and non-disparagement provisions. Following the cessation of his employment, Dr. Singer will provide consulting services to the Company

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for up to one year to assist with the transition of his responsibilities. During the term of the consultancy, Dr. Singer receives customary cash compensation.

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## CERTAIN TRANSACTIONS WITH RELATED PERSONS

### Aequus

We have a majority ownership interest in Aequus. In May 2007, we entered into a license agreement with Aequus whereby Aequus gained rights to our Genetic Polymer technology. We also entered into an agreement to fund Aequus in exchange for a convertible promissory note.

In March 2017, we and Aequus entered into a License and Promissory Note Termination Agreement and a Note Cancellation Agreement, pursuant to which (1) all of the then-outstanding principal, plus all accrued and unpaid interest, approximately \$13.7 million in total, was cancelled and terminated, (2) our license agreement with Aequus was terminated, (3) all obligations to Aequus were terminated with the exception of providing additional funding of up to \$347,500 to Aequus, and (4) Aequus agreed to pay us a) 20% of milestone and similar payments, up to a maximum amount of \$20.0 million, and b) royalties, on a product-by-product and county-by-country basis, of 5% of net sales of certain ACTH Products being developed by Aequus. The additional funding of \$347,500 had been provided in full as of September 30, 2017. Royalties from Aequus are payable until the later of (1) expiration of the last to expire valid patent claim that claims the ACTH Product, or (2) ten years from the first commercial sale of the applicable ACTH Product. We have the right to terminate the License and Promissory Note Termination Agreement and require Aequus to assign all ACTH Product related assets to us if Aequus does not file an Investigational New Drug Application for an ACTH Product with the FDA by September 6, 2019.

Jack W. Singer, M.D., our former Executive Vice President, Chief Scientific Officer, Interim Chief Medical Officer, and Global Head of Translational Medicine, and Frederick W. Telling, Ph.D., a former member of our board of directors, are minority shareholders of Aequus, owning approximately 4.3% and 3.8% of the equity in Aequus as of December 31, 2018, respectively. Dr. Telling is the Chairman of Aequus' board of directors. Dr. Singer and Richard Love, a former member of our board of directors, are also members of Aequus' board of directors.

### BVF Partners L.P.

In September 2015, we entered into a subscription agreement with BVF pursuant to which we issued 1.0 million shares of our common stock. In addition, we completed underwritten public offerings of 55,000 shares of our Series N-2 Preferred Stock, no par value per share in December 2015 and 22,500 shares of our Series N-3 Preferred Stock, no par value per share in June 2017. BVF purchased 30,000 shares of our Series N-2 Preferred Stock and 6,750 shares of our Series N-3 Preferred Stock in such offerings. BVF converted 30,000 shares of our Series N-2 Preferred Stock and 6,175 shares of our Series N-3 Preferred Stock into approximately 2.7 million shares and 4.1 million shares of our common stock, respectively.

In connection with the Series N-2 Preferred Stock offering, we entered into a letter agreement with BVF, or the First Letter Agreement, pursuant to which we granted BVF a one-time right, subject to certain conditions, to nominate not more than two individuals to serve as members of our board of directors, subject to the consent of the board of directors, which is not to be unreasonably withheld and which consent shall be deemed automatically given with respect to the two individuals specified in the First Letter Agreement. One of such nominees (the "Independent Nominee") must (1) qualify as an "independent" director as defined under the applicable rules and regulations of the SEC and the Nasdaq, and (2) must not be considered an "affiliate" of BVF as such term is defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We have agreed, for the period described in this paragraph and subject to a limited exception, to include the nominated directors in the slate of nominees for election to the board of directors at each annual or special meeting at which directors are to be elected, recommend that stockholders vote in favor of the election of such nominees and support such nominees for election in a manner no less favorable than how we support our own nominees. This obligation will terminate with respect to: (1) the Independent Nominee, and such Independent Nominee must tender his or her resignation to the board of directors, if requested, promptly upon BVF ceasing to beneficially own at least 11% of our issued and outstanding common stock or voting power (determined on an as-converted basis that gives effect to the conversion of all outstanding preferred stock), and (2) each of the Independent Nominee and the other individual nominated by BVF, and each such nominee

shall tender his or her resignation to the board of directors promptly upon the earlier to occur of (a) BVF and its affiliates ceasing to beneficially own at least 5% of our issued

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and outstanding common stock or voting power (determined on an as-converted basis that gives effect to the conversion of all outstanding preferred stock), (b) BVF ceasing to beneficially own at least 50% of the shares of the common stock beneficially owned by BVF immediately after consummation of the Series N-2 Preferred Stock offering (on an as-converted basis), (c) the continuation of such nomination right would cause any violation of the applicable listing rules of Nasdaq, (d) such time as BVF informs us in writing that it wishes to terminate the foregoing nomination right, or (e) any breach of the Letter Agreement by BVF.

In connection with the offering of Series N-3 Preferred Stock, we entered into a letter agreement with BVF, or the Second Letter Agreement, and pursuant to the First Letter Agreement and the Second Letter Agreement, we agreed to, upon BVF's election and subject to any board and committee approvals, exchange shares of common stock purchased by BVF directly from us or underlying convertible preferred stock purchased by BVF directly from us, including the shares of common stock underlying the Series N-3 Preferred Stock, into shares of a convertible non-voting preferred stock with substantially similar terms as the Series N-3 Preferred Stock, including a conversion "blocker" initially set at 9.99% of our common stock. Such right would terminate if at any time BVF's beneficial ownership of our common stock falls below 5% (determined on a fully diluted basis).

In February 2018, in connection with our concurrent public offering of common stock, BVF purchased 6.3 million shares of our common stock. In addition, BVF exchanged 8.0 million shares of our common stock owned by BVF and 575 shares of our Series N Preferred Stock owned by BVF for 12,575 shares of our Series O Preferred Stock, pursuant to the letter agreements discussed above as well as an additional exchange agreement executed in February 2018.

Primarily as a result of these transactions, BVF beneficially owned approximately 23.1% and 20.0% of our outstanding common stock as of December 31, 2018 and 2017, respectively. Matthew D. Perry, a member of our board of directors, is the President of BVF and portfolio manager for the underlying funds managed by the firm.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table provides certain information regarding beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock as of March 14, 2019, except as otherwise noted in the footnotes to the table. The table also provides certain information as of March 14, 2019 regarding beneficial ownership of our common stock and that of Aequus by (i) each of our directors, (ii) each named executive officer and (iii) all directors and executive officers as a group:

| Name and Address of Beneficial Owner                                 | CTI BioPharma Corp.<br>Common Stock                   |  |  | Aequus Biopharma, Inc.<br>Common Stock                |  |  |
|--|---|--|--|---|--|--|
|  | Number of Shares<br>Beneficially Owned <sup>(1)</sup> | Shares Subject to<br>Convertible Securities <sup>(2)</sup> | Percentage<br>Ownership <sup>(1)</sup> | Number of Shares<br>Beneficially Owned <sup>(1)</sup> | Shares Subject to<br>Convertible Securities <sup>(2)</sup> | Percentage<br>Ownership <sup>(1)</sup> |
| <b>5% or More Stockholders:</b>                                      |   |  |  |   |  |  |
| BVF Partners L.P. <sup>(3)</sup>                                     | 15,313,023  | 8,383,333  | 23.1%                                  | —   | —  | —                                      |
| Stonepine Capital, L.P. <sup>(4)</sup>                               | 5,726,579   | —  | 9.9%                                   | —   | —  | —                                      |
| OrbiMed Private Investments VI, LP <sup>(5)</sup>                    | 5,000,000   | —  | 8.6%                                   | —   | —  | —                                      |
| Growth Equity Opportunities Fund V LLC <sup>(6)</sup>                | 3,750,000   | —  | 6.5%                                   | —   | —  | —                                      |
| <b>Directors and current named executive officers:<sup>(7)</sup></b> |   |  |  |   |  |  |
| Adam R. Craig, M.D., Ph.D.   | 1,283,334   | 1,283,334  | 2.2%                                   | —   | —  | —                                      |
| Laurent Fischer, M.D.  | 50,000  | 50,000   | *                                      | —   | —  | —                                      |
| David H. Kirske  | 210,300   | 210,300  | *                                      | —   | —  | —                                      |
| Michael A. Metzger   | 70,121  | 50,000   | *                                      | —   | —  | —                                      |
| David Parkinson, M.D.  | 50,000  | 50,000   | *                                      | —   | —  | —                                      |
| Matthew D. Perry   | 93,139  | 50,000   | *                                      | —   | —  | —                                      |
| Bruce J. Seeley  | 374,471   | 342,471  | *                                      | —   | —  | —                                      |
| Jack W. Singer, M.D.   | 99,405  | —  | *                                      | 1,300,000   | 300,000  | 5.5%                                   |
| Reed V. Tuckson, M.D.  | 162,644   | 70,220   | *                                      | —   | —  | —                                      |
| All current directors and executive officers, as a group (8 persons) | 2,294,009   | 2,106,325  | 3.9%                                   | —   | —  | —                                      |

\*Less than 1%.

Beneficial ownership generally includes voting or investment power with respect to securities, and percentage ownership is calculated based on 57,979,325 shares of our common stock outstanding as of March 14, 2019 and 23,450,000 shares of Aequus' common stock outstanding as of March 14, 2019. This table is based upon information supplied by officers, directors and other investors including, as to our common stock, information from Schedules 13D, 13G and 13F and Forms 3 and 4 filed with the SEC. Shares of common stock subject to

(1) options, warrants or other securities convertible into common stock that are currently exercisable or convertible, or exercisable or convertible within sixty days of March 14, 2019 are deemed outstanding for computing the percentage of the person holding the option, warrant or convertible security but are not deemed outstanding for computing the percentage of any other person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of stock beneficially owned.

Shares subject to convertible securities included in this column reflect any options, warrants and convertible (2) preferred stock held by the holder exercisable or convertible within sixty days after March 14, 2019. These shares are also included in the column titled "Number of Shares Beneficially Owned."



Beneficial ownership is as of March 14, 2019 and is based on information contained in the Schedule 13D/A filed with the SEC on February 12, 2018 by BVF Partners L.P. The Schedule 13D/A states that BVF Partners L.P., including certain of its affiliates, beneficially owns 6,929,690 shares of our Common Stock, with shared voting and

(3) dispositive power over all such shares. The address of BVF Partners L.P. is 1 Sansome Street, 30th Floor, San Francisco, California 94104. The number of shares subject to convertible securities is based on 12,575 shares of our Series O Preferred Stock held by BVF Partners L.P. and certain of its affiliates, convertible into an aggregate of 8,383,333 shares of Common Stock.

Beneficial ownership is as of March 14, 2019 and is based on information contained in the Schedule 13G/A filed with the SEC on February 13, 2019 by Stonepine Capital, L.P. The Schedule 13G/A states that Stonepine Capital,

(4) L.P., including certain of its affiliates, beneficially owns 5,726,579 shares of our common stock, with shared voting and dispositive power over all such shares. The address of Stonepine Capital, L.P. is 919 NW Bond Street, Suite 204, Bend, Oregon 97703.

Beneficial ownership is as of March 14, 2019 and is based on information contained in the Schedule 13G filed with the SEC on June 15, 2017. The Schedule 13G states that OrbiMed Capital GP VI LLC (“GP VI”) is the sole general partner of OrbiMed Private Investments VI, LP, which holds 5,000,000 shares of our Common Stock. The

(5) Schedule 13G also states that each of GP VI, OrbiMed Advisors LLC and Samuel D. Isaly has shared voting and dispositive power over 5,000,000 shares of our Common Stock. The address of OrbiMed Private Investments VI, LP is 601 Lexington Avenue, 54th Floor, New York, NY 10022.

Beneficial ownership is as of March 14, 2019 and is based on information contained in the Schedule 13D filed with the SEC on February 20, 2018 by Growth Equity Opportunities Fund V, LLC. The Schedule 13D states that

(6) Growth Equity Opportunities Fund V, LLC, including certain of its affiliates, beneficially owns 3,750,000 shares of our Common Stock, with shared voting and dispositive power over all such shares. The address of Growth Equity Opportunities Fund V, LLC is 1954 Greenspring Drive, Suite 600, Timonium, MD 21093.

(7) The address of our current directors and executive officers listed is 3101 Western Avenue, Suite 800, Seattle, Washington 98121.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information about our common stock that may be issued upon the exercise of options, warrants and rights and upon the vesting of restricted stock unit awards under all of our existing equity compensation plans as of December 31, 2018, with such plans being the 2017 Plan, the 2015 Plan, the 2007 Equity Incentive Plan, as amended (the "2007 Plan"), and the 2007 Employee Stock Purchase Plan, as amended (the "ESPP").

| Plan Category                     | (a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | (b) Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights | (c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|-----------------------------------|---|--|---|
| Plans Approved by Stockholders    | 6,099,292 <sup>(1)</sup>  | \$4.05   | 2,953,893 <sup>(2)</sup>  |
| Plan Not Approved by Stockholders | 1,120,000 <sup>(3)</sup>  | \$4.24   | —   |
| Totals                            | 7,219,292   | \$4.08   | 2,953,893   |

(1) 6,099,292 of these shares were subject to stock options then outstanding under the 2007 Plan, the 2015 Plan or the 2017 Plan, and none of these shares were subject to restricted stock units outstanding under the 2007 Plan, the 2015 Plan or the 2017 Plan. The weighted-average exercise price presented in column (b) of the table above does not take restricted stock unit awards into account.

(2) Of these shares, 2,775,517 shares were available for issuance under the 2017 Plan, and 178,376 shares were available for issuance under the ESPP. No new awards may be granted under the 2007 Plan or the 2015 Plan. The shares available under the 2017 Plan may be used for any type of award authorized under the 2017 Plan including stock options, stock appreciation rights, stock awards, restricted stock, restricted stock units and other awards payable in shares of our common stock.

(3) This row reflects a stock option granted to Dr. Craig as an inducement to his joining the company in accordance with Nasdaq Listing Rule 5635(c)(4) and not under any of our stock incentive plans. This option was granted on March 20, 2017 and has a maximum term of 10 years (subject to earlier termination in connection with a termination of Dr. Craig's employment or a change in control). The option is scheduled to vest in six semi-annual installments as measured from the grant date and is subject to accelerated vesting if Dr. Craig's employment terminates in certain circumstances as provided in his employment agreement described above. The option is administered by our compensation committee and is otherwise generally subject to the terms and conditions applicable to stock options granted to employees under our stock incentive plans.

**PROPOSAL 6:  
APPROVAL OF THE ADJOURNMENT OF THE ANNUAL MEETING,  
IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES**

**Summary**

We may ask our stockholders to vote on a proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to adopt any of Proposals 1, 2, 3, 4 or 5. In that event, you will be asked to vote only upon this proposal and not on any other matter. This proposal asks the stockholders to authorize the holder of any proxy solicited by the board of directors to vote in favor of adjourning the Annual Meeting. If this proposal is approved, our board of directors may in its discretion, if necessary or appropriate, adjourn the Annual Meeting to use the additional time to solicit additional proxies in favor of any of Proposals 1, 2, 3, 4 or 5. Even if there are a sufficient number of votes at the time of the Annual Meeting to adopt one or more of the proposals, the board may in its discretion seek to, if necessary or appropriate, adjourn the Annual Meeting to solicit additional proxies for any of the proposals for which there are insufficient votes, and the board may do so without adopting any of the proposals for which there are sufficient votes at the time of the Annual Meeting. If the Annual Meeting is adjourned, notice will be given to our stockholders, if at all, in accordance with our bylaws, the General Corporation Law of the State of Delaware and applicable SEC regulations. At the adjourned meeting, we may transact any business which might have been transacted at the original meeting.

**THE BOARD RECOMMENDS A VOTE "FOR"**

**THE ADJOURNMENT OF THE ANNUAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT  
ADDITIONAL PROXIES.**

## OTHER INFORMATION

### Beneficial Ownership Reporting Compliance under Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act (“Section 16(a)”) requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC reports of ownership and reports of changes in ownership of common stock and our other equity securities. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on review of this information or written representations from reporting persons that no other reports were required, we believe that, during the 2018 fiscal year, all Section 16(a) filing requirements applicable to our executive officers, directors and any greater than 10% beneficial owners were timely met.

### Other Business

As of the date of this proxy statement, we know of no other business that will be presented for action at the Annual Meeting.

### Delivery of Documents to Stockholders Sharing an Address

We have adopted a procedure called “householding,” which the SEC has approved. Under this procedure, stockholders of record who have the same address and last name will receive only one copy of our proxy materials unless we receive contrary instructions from one or more of such stockholders. Upon oral or written request, we will deliver promptly a separate copy of the proxy materials to a stockholder at a shared address to which a single copy of proxy materials was delivered. If you are a stockholder of record at a shared address to which we delivered a single copy of the proxy materials and you desire to receive a separate copy of the proxy materials for the Annual Meeting or for our future meetings, or if you are a stockholder at a shared address to which we delivered multiple copies of the proxy materials and you desire to receive one copy in the future, please submit your request to the Householding Department of Broadridge Financial Solutions, Inc. at 51 Mercedes Way, Edgewood, New York 11717 or at 1-800-542-1061. If you are a beneficial stockholder, please contact your bank, broker, trustee or other nominee directly if you have questions, require additional copies of the proxy materials, wish to receive multiple reports by revoking your consent to householding or wish to request single copies of the proxy materials in the future.

### Where You Can Find Additional Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website at <http://www.sec.gov> from which interested persons can electronically access our SEC filings. Any person, including any beneficial owner, to whom this proxy statement is delivered may request copies of reports, proxy statements or other information concerning us (including the documents incorporated by reference herein) without charge, by written or telephonic request directed to our Secretary at 3101 Western Avenue, Suite 800, Seattle, Washington 98121. We undertake to provide required copies by first class mail or other equally prompt means within one business day of receipt of such request. If you would like to request documents, please do so by May 2, 2019 in order to receive them before the Annual Meeting.

### By Order of the Board of Directors

Adam R. Craig  
Chief Executive Officer  
Seattle, Washington  
April 4, 2019

APPENDIX A  
CERTIFICATE OF AMENDMENT TO THE

CERTIFICATE OF INCORPORATION OF

CTI BIOPHARMA CORP.

CTI BioPharma Corp. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify that:

1. The name of the Corporation is CTI BioPharma Corp. The date of filing of the Corporation's original Certificate of Incorporation with the Secretary of State of the State of Delaware was December 14, 2017.
2. This Certificate of Amendment to the Certificate of Incorporation was duly authorized and adopted by the Corporation's Board of Directors and stockholders in accordance with Section 242 of the DGCL and amends the provisions of the Corporation's Certificate of Incorporation.
3. The amendment to the existing Certificate of Incorporation being effected hereby is to delete Section 4.1 of Article IV of the Certificate of Incorporation in its entirety and to substitute in its place the following:  
"Classes. The total number of shares of capital stock which the Corporation shall have authority to issue is One Hundred Thirty-One Million, Five Hundred Thirty-Three Thousand, Three Hundred Thirty-Three (131,533,333), including One Hundred Thirty-One Million, Five Hundred Thousand (131,500,000) shares of common stock, par value \$0.001 per share (the Common Stock), and Thirty-Three Thousand Three Hundred Thirty-Three (33,333) shares of preferred stock, par value \$0.001 per share (the Preferred Stock), of which 12,575 shall initially be designated as the Series O Preferred Stock (the Series O Preferred Stock), and 15,000 shall initially be designated as the Series ZZ Junior Participating Cumulative Preferred Stock (the Series ZZ Preferred Stock). Subject to the rights of the holder of any series of Preferred Stock, the number of authorized shares of any of the Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL, and no vote of the holders of any of the Common Stock or Preferred Stock voting separately as a class shall be required therefor."
4. The Certificate of Amendment to the Certificate of Incorporation was approved by the Board of Directors at a meeting thereof duly called and held on March 13, 2019 and by the stockholders of the Corporation at a meeting thereof duly called and held on \_\_\_\_\_, 2019.
5. This Certificate of Amendment to the Certificate of Incorporation shall be effective immediately upon filing by the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, CTI BioPharma Corp. has caused this Certificate of Amendment to the Certificate of Incorporation to be signed by its Chief Executive Officer as of the \_\_\_\_ day of \_\_\_\_\_, 2019.

CTI BIOPHARMA CORP.  
a Delaware corporation

By: /s/ Adam R. Craig  
Adam R. Craig  
President and Chief Executive Officer



APPENDIX B

AMENDED AND RESTATED 2017 EQUITY INCENTIVE PLAN

CTI BIOPHARMA CORP.

1. PURPOSE OF PLAN

The purpose of this CTI BioPharma Corp. 2017 Equity Incentive Plan (this “Plan”) of CTI BioPharma Corp., a Delaware corporation (the “Corporation”), is to promote the success of the Corporation by providing an additional means through the grant of awards to attract, motivate, retain and reward selected employees and other eligible persons and to enhance the alignment of the interests of the selected participants with the interests of the Corporation’s stockholders.

2. ELIGIBILITY

The Administrator (as such term is defined in Section 3.1) may grant awards under this Plan only to those persons that the Administrator determines to be Eligible Persons. An “Eligible Person” is any person who is either: (a) an officer (whether or not a director) or employee of the Corporation or one of its Subsidiaries; (b) a director of the Corporation or one of its Subsidiaries; or (c) an individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Corporation or one of its Subsidiaries in a capital-raising transaction or as a market maker or promoter of securities of the Corporation or one of its Subsidiaries) to the Corporation or one of its Subsidiaries and who is selected to participate in this Plan by the Administrator; provided, however, that a person who is otherwise an Eligible Person under clause (c) above may participate in this Plan only if such participation would not adversely affect either the Corporation’s eligibility to use Form S-8 to register under the Securities Act of 1933, as amended (the “Securities Act”), the offering and sale of shares issuable under this Plan by the Corporation or the Corporation’s compliance with any other applicable laws. An Eligible Person who has been granted an award (a “participant”) may, if otherwise eligible, be granted additional awards if the Administrator shall so determine. As used herein, “Subsidiary” means any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Corporation; and “Board” means the Board of Directors of the Corporation.

3. PLAN ADMINISTRATION

The Administrator. This Plan shall be administered by and all awards under this Plan shall be authorized by the Administrator. The “Administrator” means the Board or one or more committees (or sub-committees, as the case may be) appointed by the Board or another committee (within its delegated authority) to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law. A committee may delegate some or all of its authority to another committee so constituted. The Board or a committee comprised solely of directors may also delegate, to 3.1 the extent permitted by Section 157(c) of the Delaware General Corporation Law and any other applicable law, to one or more officers of the Corporation, its authority under this Plan. The Board or another committee (within its delegated authority) may delegate different levels of authority to different committees or persons with administrative and grant authority under this Plan. Unless otherwise provided in the Bylaws of the Corporation or the applicable charter of any Administrator: (a) a majority of the members of the acting Administrator shall constitute a quorum, and (b) the vote of a majority of the members present assuming the presence of a quorum or the unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

Powers of the Administrator. Subject to the express provisions of this Plan, the Administrator is authorized and 3.2 empowered to do all things necessary or desirable in connection with the authorization of awards and the administration of this Plan (in the case of a committee or delegation to one or more officers, within any express limits on the authority delegated to that committee or person(s)), including, without limitation, the authority to:



- (a) determine eligibility and, from among those persons determined to be eligible, determine the particular Eligible Persons who will receive an award under this Plan;  
grant awards to Eligible Persons, determine the price (if any) at which securities will be offered or awarded and the number of securities to be offered or awarded to any of such persons (in the case of securities-based awards), determine the other specific terms and conditions of awards consistent with the express limits of this Plan, establish the installment(s) (if any) in which such awards shall become exercisable or shall vest (which may include, without limitation, performance and/or time-based schedules), or determine that no delayed exercisability or vesting is required, establish any applicable performance-based exercisability or vesting requirements, determine the
- (b) circumstances in which any performance-based goals (or the applicable measure of performance) will be adjusted and the nature and impact of any such adjustment, determine the extent (if any) to which any applicable exercise and vesting requirements have been satisfied, establish the events (if any) on which exercisability or vesting may accelerate (which may include, without limitation, retirement and other specified terminations of employment or services, or other circumstances), and establish the events (if any) of termination, expiration or reversion of such awards;
- (c) approve the forms of any award agreements (which need not be identical either as to type of award or among participants);  
construe and interpret this Plan, any sub-plan and any agreements defining the rights and obligations of the
- (d) Corporation, its Subsidiaries, and participants under this Plan, make any and all determinations under this Plan and any such agreements, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan, any sub-plan or the awards granted under this Plan;
- (e) cancel, modify, or waive the Corporation's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding awards, subject to any required consent under Section 8.6.5;  
accelerate, waive or extend the vesting or exercisability, or modify or extend the term of, any or all such
- (f) outstanding awards (in the case of options or stock appreciation rights, within the maximum ten-year term of such awards) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a retirement or other termination of employment or services, or other circumstances) subject to any required consent under Section 8.6.5;  
adjust the number of shares of Common Stock subject to any award, adjust the price of any or all outstanding
- (g) awards or otherwise waive or change previously imposed terms and conditions, in such circumstances as the Administrator may deem appropriate, in each case subject to Sections 4 and 8.6 (and subject to the no repricing provision below);  
determine the date of grant of an award, which may be a designated date after but not before the date of the
- (h) Administrator's action to approve the award (unless otherwise designated by the Administrator, the date of grant of an award shall be the date upon which the Administrator took the action approving the award);  
determine whether, and the extent to which, adjustments are required pursuant to Section 7.1 hereof and take any
- (i) other actions contemplated by Section 7.2 in connection with the occurrence of an event of the type described in Section 7;
- (j) acquire or settle (subject to Sections 7 and 8.6) rights under awards in cash, stock of equivalent value, or other consideration (subject to the no repricing provision below); and
- (k) determine the fair market value of the Common Stock or awards under this Plan from time to time and/or the manner in which such value will be determined.
-

Notwithstanding the foregoing and except for an adjustment pursuant to Section 7.1 or a repricing approved by stockholders, in no case may the Administrator (1) amend an outstanding stock option or SAR to reduce the exercise price or base price of the award, (2) cancel, exchange, or surrender an outstanding stock option or SAR in exchange for cash or other awards for the purpose of repricing the award, or (3) cancel, exchange, or surrender an outstanding stock option or SAR in exchange for an option or SAR with an exercise or base price that is less than the exercise or base price of the original award.

Binding Determinations. Any determination or other action taken by, or inaction of, the Corporation, any Subsidiary or the Administrator relating or pursuant to this Plan (or any award made under this Plan) and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. Neither the Board nor any other Administrator, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any award made under this Plan), and all such persons shall be entitled to indemnification and reimbursement by the Corporation in respect of any claim, loss, 3.3 damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time. Neither the Board nor any other Administrator, nor any member thereof or person acting at the direction thereof, nor the Corporation or any of its Subsidiaries, shall be liable for any damages of a participant should an option intended as an ISO (as defined below) fail to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to ISOs, should any other award(s) fail to qualify for any intended tax treatment, should any award grant or other action with respect thereto not satisfy Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, or otherwise for any tax or other liability imposed on a participant with respect to an award.

Reliance on Experts. In making any determination or in taking or not taking any action under this Plan, the 3.4 Administrator may obtain and may rely upon the advice of experts, including employees and professional advisors to the Corporation. No director, officer or agent of the Corporation or any of its Subsidiaries shall be liable for any such action or determination taken or made or omitted in good faith.

3.5 Delegation. The Administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Corporation or any of its Subsidiaries or to third parties.

#### 4. SHARES OF COMMON STOCK SUBJECT TO THE PLAN; SHARE LIMITS

Shares Available. Subject to the provisions of Section 7.1, the capital stock that may be delivered under this Plan shall be shares of the Corporation's authorized but unissued Common Stock and any shares of its Common Stock 4.1 held as treasury shares. For purposes of this Plan, "Common Stock" shall mean the common stock of the Corporation and such other securities or property as may become the subject of awards under this Plan, or may become subject to such awards, pursuant to an adjustment made under Section 7.1.

4.2 Share Limits. The maximum number of shares of Common Stock that may be delivered pursuant to awards granted to Eligible Persons under this Plan (the "Share Limit") is equal to the sum of the following:

(1) 7,300,000 shares of Common Stock, plus

(2) the number of any shares subject to stock options granted under the Corporation's 2015 Equity Incentive Plan, as amended (the "2015 Plan"), or the Corporation's 2007 Equity Incentive Plan, as amended (the "2007 Plan") and outstanding on the date of stockholder approval of this Plan (the "Stockholder Approval Date") which expire, or for any reason are cancelled or terminated, after the Stockholder Approval Date without being exercised, plus;

the number of any shares subject to restricted stock or restricted stock unit awards granted under the 2015 Plan or (3) the 2007 Plan that are outstanding and unvested on the Stockholder Approval Date that are forfeited, terminated, cancelled or otherwise reacquired by the Corporation without having become vested. provided that in no event shall the Share Limit exceed 11,202,207 shares (which is the sum of the 7,300,000 shares set forth above, plus the aggregate number of shares subject to stock options and unvested restricted stock and restricted stock unit awards previously granted and outstanding under the 2015 Plan and the 2007 Plan as of the Effective Date). The following limits also apply with respect to awards granted under this Plan:

(a) The maximum number of shares of Common Stock that may be delivered pursuant to options qualified as incentive stock options granted under this Plan is 7,300,000 shares.

Awards that are granted under this Plan during any one calendar year to any person who, on the grant date of the award, is a non-employee director are subject to the limits of this Section 4.2(b). The maximum number of shares of Common Stock subject to those awards that are granted under this Plan during any one calendar year to an individual who, on the grant date of the award, is a non-employee director is the number of shares that produce a grant date fair value for the award that, when combined with the grant date fair value of any other awards granted under this Plan during that same calendar year to that individual in his or her capacity as a non-employee director, is \$375,000; provided that this limit is \$475,000 as to a non-employee director who is serving as the Chairman of (b) the Board. For purposes of this Section 4.2(b), a “non-employee director” is an individual who, on the grant date of the award, is a member of the Board who is not then an officer or employee of the Corporation or one of its Subsidiaries. For purposes of this Section 4.2(b), “grant date fair value” means the value of the award as of the date of grant of the award and as determined using the equity award valuation principles applied in the Corporation’s financial reporting. The limits of this Section 4.2(b) do not apply to, and shall be determined without taking into account, any award granted to an individual who, on the grant date of the award, is an officer or employee of the Corporation or one of its Subsidiaries. The limits of this Section 4.2(b) apply on an individual basis and not on an aggregate basis to all non-employee directors as a group.

Each of the foregoing numerical limits is subject to adjustment as contemplated by Section 4.3, Section 7.1, and Section 8.10.

Awards Settled in Cash, Reissue of Awards and Shares. Except as provided in the next sentence, shares that are subject to or underlie awards granted under this Plan which expire or for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under this Plan shall again be available for subsequent awards under this Plan. Shares that are exchanged by a participant or withheld by the Corporation as full or partial payment in connection with any award under this Plan, as well as any shares exchanged by a participant or withheld by the Corporation or one of its Subsidiaries to satisfy the tax-related items withholding obligations related to any award, shall not be available for subsequent awards under this Plan. To the extent that an award granted under this Plan is settled in cash or a form other than shares of Common Stock, the shares that 4.3 would have been delivered had there been no such cash or other settlement shall not be counted against the shares available for issuance under this Plan. If shares of Common Stock are delivered in respect of a dividend equivalent right granted under this Plan, the number of shares delivered with respect to the award shall be counted against the Share Limit. (For purposes of clarity, if 1,000 dividend equivalent rights are granted and outstanding when the Corporation pays a dividend, and 50 shares are delivered in payment of those rights with respect to that dividend, 50 shares shall be counted against the Share Limit). To the extent that shares of Common Stock are delivered pursuant to the exercise of a stock appreciation right or stock option granted under this Plan, the number of underlying shares as to which the exercise related shall be counted against the applicable share limits under Section 4.2, as opposed to only counting the shares issued. (For purposes of clarity, if a stock appreciation right relates to 100,000 shares and is exercised at a time when

the payment due to the participant is 15,000 shares, 100,000 shares shall be charged against the applicable share limits under Section 4.2 with respect to such exercise.) Refer to Section 8.10 for application of the foregoing share limits with respect to assumed awards.

No Fractional Shares; Minimum Issue. Unless otherwise expressly provided by the Administrator, no fractional shares shall be delivered under this Plan. The Administrator may pay cash in lieu of any fractional shares in settlements of awards under this Plan. The Administrator may from time to time impose a limit (of not greater than 100 shares) on the minimum number of shares that may be purchased or exercised as to awards (or any particular type of award) granted under this Plan unless (as to any particular award) the total number purchased or exercised is the total number at the time available for purchase or exercise under the award.

## 5. AWARDS

Type and Form of Awards. The Administrator shall determine the type or types of award(s) to be made to each selected Eligible Person. Awards may be granted singly, in combination or in tandem. Awards also may be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for grants or rights under any other employee or compensation plan of the Corporation or one of its Subsidiaries. The types of awards that may be granted under this Plan are:

5.1.1 Stock Options. A stock option is the grant of a right to purchase a specified number of shares of Common Stock during a specified period as determined by the Administrator. An option may be intended as an incentive stock option within the meaning of Section 422 of the Code (an "ISO") or a nonqualified stock option (an option not intended to be an ISO). The award agreement evidencing the grant of an option will indicate if the option is intended as an ISO; otherwise it will be deemed to be a nonqualified stock option. The maximum term of each option (ISO or nonqualified) shall be ten (10) years. The per share exercise price for each option shall be not less than 100% of the fair market value of a share of Common Stock on the date of grant of the option. When an option is exercised, the exercise price for the shares to be purchased shall be paid in full in cash or such other method permitted by the Administrator consistent with Section 5.4.

5.1.2 Additional Rules Applicable to ISOs. To the extent that the aggregate fair market value (determined at the time of grant of the applicable option) of stock with respect to which ISOs first become exercisable by a participant in any calendar year exceeds \$100,000, taking into account both Common Stock subject to ISOs under this Plan and stock subject to ISOs under all other plans of the Corporation or one of its Subsidiaries (or any parent or predecessor corporation to the extent required by and within the meaning of Section 422 of the Code and the regulations promulgated thereunder), such options shall be treated as nonqualified stock options. In reducing the number of options treated as ISOs to meet the \$100,000 limit, the most recently granted options shall be reduced first. To the extent a reduction of simultaneously granted options is necessary to meet the \$100,000 limit, the Administrator may, in the manner and to the extent permitted by law, designate which shares of Common Stock are to be treated as shares acquired pursuant to the exercise of an ISO. ISOs may only be granted to employees of the Corporation or one of its subsidiaries (for this purpose, the term "subsidiary" is used as defined in Section 424(f) of the Code, which generally requires an unbroken chain of ownership of at least 50% of the total combined voting power of all classes of stock of each subsidiary in the chain beginning with the Corporation and ending with the subsidiary in question). No ISO may be granted to any person who, at the time the option is granted, owns (or is deemed to own under Section 424(d) of the Code) shares of outstanding Common Stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation, unless the exercise price of such option is at least 110% of the fair market value of the stock subject to the option and such option by its terms is not exercisable after the expiration of five years from the date such option is granted. If an otherwise-intended ISO fails to meet the applicable requirements of Section 422 of the Code, the option shall be a nonqualified stock option.

5.1.3 Stock Appreciation Rights. A stock appreciation right or "SAR" is a right to receive a payment, in cash and/or Common Stock, equal to the excess of the fair market value of a specified number of shares of Common

Stock on the date the SAR is exercised over the “base price” of the award, which base price shall be set forth in the applicable award agreement and shall be not less than 100% of the fair market value of a share of Common Stock on the date of grant of the SAR. The maximum term of a SAR shall be ten (10) years.

5.1.4 Other Awards; Dividend Equivalent Rights. The other types of awards that may be granted under this Plan include: (a) stock bonuses, restricted stock, performance stock, stock units, restricted stock units, deferred shares, phantom stock or similar rights to purchase or acquire shares, whether at a fixed or variable price (or no price) or fixed or variable ratio related to the Common Stock, and any of which may (but need not) be fully vested at grant or vest upon the passage of time, the occurrence of one or more events, the satisfaction of performance criteria or other conditions, or any combination thereof; or (b) cash awards. The types of cash awards that may be granted under this Plan include the opportunity to receive a payment for the achievement of one or more goals established by the Administrator, on such terms as the Administrator may provide, as well as discretionary cash awards. Dividend equivalent rights may be granted as a separate award or in connection with another award under this Plan; provided, however, that dividend equivalent rights may not be granted as to a stock option or SAR granted under this Plan. In addition, any dividends and/or dividend equivalents as to the portion of an award that is subject to unsatisfied vesting requirements will be subject to termination and forfeiture to the same extent as the corresponding portion of the award to which they relate if the applicable vesting requirements are not satisfied.

5.1.5 Certain Performance-Based Awards. Any Qualified Performance-Based Award or Qualifying Option or SAR (as such terms were defined in Section 5.2 of the prior version of this Plan) granted under this Plan prior to November 2, 2017 shall continue to be governed by the terms of this Plan in effect at the time of grant of such award.

Award Agreements. Each award shall be evidenced by a written or electronic award agreement or notice in a form approved by the Administrator (an “award agreement”), and, in each case and if required by the Administrator, executed or otherwise electronically accepted by the recipient of the award in such form and manner as the Administrator may require.

Deferrals and Settlements. Payment of awards may be in the form of cash, Common Stock, other awards or combinations thereof as the Administrator shall determine, and with such restrictions (if any) as it may impose. 5.3 The Administrator may also require or permit participants to elect to defer the issuance of shares or the settlement of awards in cash under such rules and procedures as it may establish under this Plan. The Administrator may also provide that deferred settlements include the payment or crediting of interest or other earnings on the deferral amounts, or the payment or crediting of dividend equivalents where the deferred amounts are denominated in shares.

5.4 Consideration for Common Stock or Awards. The purchase price (if any) for any award granted under this Plan or the Common Stock to be delivered pursuant to an award, as applicable, may be paid by means of any lawful consideration as determined by the Administrator, including, without limitation, one or a combination of the following methods:

- services rendered by the recipient of such award;
- cash, check payable to the order of the Corporation, or electronic funds transfer;
- notice and third party payment in such manner as may be authorized by the Administrator;
- the delivery of previously owned shares of Common Stock;
- by a reduction in the number of shares otherwise deliverable pursuant to the award; or
- subject to such procedures as the Administrator may adopt, pursuant to a “cashless exercise” with a third party who provides financing for the purposes of (or who otherwise facilitates) the purchase or exercise of awards.

In no event shall any shares newly-issued by the Corporation be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable state law. Shares of Common Stock used to satisfy the exercise price of an option shall be valued at their fair market value. The Corporation will not be obligated to deliver any shares unless and until it receives full payment of the exercise or

purchase price therefor and any related withholding obligations under Section 8.5 and any other conditions to exercise or purchase have been satisfied. Unless otherwise expressly provided in the applicable award agreement, the Administrator may at any time eliminate or limit a participant's ability to pay any purchase or exercise price of any award or shares by any method other than cash payment to the Corporation.

**Definition of Fair Market Value.** For purposes of this Plan, "fair market value" shall mean, unless otherwise determined or provided by the Administrator in the circumstances, the closing price (in regular trading) for a share of Common Stock on the NASDAQ Stock Market (the "Market") for the date in question or, if no sales of Common Stock were reported on the Market on that date, the closing price (in regular trading) for a share of Common Stock on the Market for the next preceding day on which sales of Common Stock were reported on the Market. The Administrator may, however, provide with respect to one or more awards that the fair market value shall equal the closing price (in regular trading) for a share of Common Stock on the Market on the last trading day preceding the date in question or the average of the high and low trading prices of a share of Common Stock on the Market for the date in question or the most recent trading day. If the Common Stock is no longer listed or is no longer actively traded on the Market as of the applicable date, the fair market value of the Common Stock shall be the value as reasonably determined by the Administrator for purposes of the award in the circumstances. The Administrator also may adopt a different methodology for determining fair market value with respect to one or more awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular award(s) (for example, and without limitation, the Administrator may provide that fair market value for purposes of one or more awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

#### 5.6 Transfer Restrictions.

**5.6.1 Limitations on Exercise and Transfer.** Unless otherwise expressly provided in (or pursuant to) this Section 5.6 or required by applicable law: (a) all awards are non-transferable and shall not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge; (b) awards shall be exercised only by the participant; and (c) amounts payable or shares issuable pursuant to any award shall be delivered only to (or for the account of) the participant.

**5.6.2 Exceptions.** The Administrator may permit awards to be exercised by and paid to, or otherwise transferred to, other persons or entities pursuant to such conditions and procedures, including limitations on subsequent transfers, as the Administrator may, in its sole discretion, establish in writing. Any permitted transfer shall be subject to compliance with applicable federal, state and foreign securities and exchange control laws and shall not be for value (other than nominal consideration, settlement of marital property rights, or for interests in an entity in which more than 50% of the voting interests are held by the Eligible Person or by the Eligible Person's family members).

**5.6.3 Further Exceptions to Limits on Transfer.** The exercise and transfer restrictions in Section 5.6.1 shall not apply to:

- (a) transfers to the Corporation (for example, in connection with the expiration or termination of the award), the designation of a beneficiary to receive benefits in the event of the participant's death or, if the participant has died, transfers to or exercise by the participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution,
  - (c) subject to any applicable limitations on ISOs, transfers to a family member (or former family member) pursuant to a domestic relations order if received by the Administrator,
  - (d) if the participant has suffered a disability, permitted transfers or exercises on behalf of the participant by his or her legal representative, or
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the authorization by the Administrator of “cashless exercise” procedures with third parties who provide financing for (e) the purpose of (or who otherwise facilitate) the exercise of awards consistent with applicable laws and any limitations imposed by the Administrator.

International Awards. Notwithstanding any provision of this Plan to the contrary, to comply with the laws in the countries where the Corporation or one of its Subsidiaries operates or has Eligible Persons, the Administrator, in its sole discretion, shall have the power and authority to (a) modify the terms and conditions of any Award granted to Eligible Persons in light of the laws of jurisdictions where the Eligible Persons work or reside; (b) establish sub-plans and agreements and determine the exercise or purchase price, methods of exercise and other terms and procedures and rules, to the extent such actions may be necessary or advisable, including the adoption or rules, procedures, sub-plans and agreements applicable to Subsidiaries in particular jurisdictions; provided, however, that no such sub-plans or agreements and/or modifications shall increase the Share Limit or otherwise require stockholder approval; (c) take any action, before or after an award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on eligibility to receive an award under this Plan or on termination of active service; available methods of exercise or settlement of an award, payment of tax-related items, the shifting of employer tax liability to the participant, the withholding procedures and handling of any share certificates or other indicia of ownership which may vary with local requirements. The Administrator may also adopt sub-plans to this Plan intended to allow the Corporation to grant tax-qualified awards in a particular jurisdiction. Notwithstanding the foregoing, the Corporation’s obligation to issue any shares of Common Stock or make any other payment in respect of an award granted under this Plan is subject to compliance with all applicable laws as provided in Section 8.1 of this Plan.

6. EFFECT OF TERMINATION OF EMPLOYMENT OR SERVICE ON AWARDS

General. The Administrator shall establish the effect (if any) of a termination of employment or service on the rights and benefits under each award under this Plan and in so doing may make distinctions based upon, inter alia, the cause of termination and type of award. If the participant is not an employee of the Corporation or one of its Subsidiaries, is not a member of the Board, and provides other services to the Corporation or one of its Subsidiaries, the Administrator shall be the sole judge for purposes of this Plan (unless a contract or the award otherwise provides) of whether the participant continues to render services to the Corporation or one of its Subsidiaries and the date, if any, upon which such services shall be deemed to have terminated.

Events Not Deemed Terminations of Service. Unless the express policy of the Corporation or one of its Subsidiaries, or the Administrator, otherwise provides, or except as otherwise required by applicable law, the employment relationship shall not be considered terminated in the case of (a) sick leave, (b) military leave, or (c) any other leave of absence authorized by the Corporation or one of its Subsidiaries, or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law or the Administrator otherwise provides, such leave is for a period of not more than three months. In the case of any employee of the Corporation or one of its Subsidiaries on an approved leave of absence, continued vesting of the award while on leave from the employ of the Corporation or one of its Subsidiaries may be suspended until the employee returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. In no event shall an award be exercised after any applicable maximum term of the award.

Effect of Change of Subsidiary Status. For purposes of this Plan and any award, if an entity ceases to be a Subsidiary of the Corporation a termination of employment or service shall be deemed to have occurred with respect to each Eligible Person in respect of such Subsidiary who does not continue as an Eligible Person in respect of the Corporation or another Subsidiary that continues as such after giving effect to the transaction or other event giving rise to the change in status unless the Subsidiary that is sold, spun-off or otherwise divested (or its successor or a

direct or indirect parent of such Subsidiary or successor) assumes the Eligible Person's award(s) in connection with such transaction.

#### 7. ADJUSTMENTS; ACCELERATION

Adjustments. Subject to Section 7.2, upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation, conversion or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution in respect of the Common Stock; or any exchange of Common Stock or other securities of the Corporation, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; then the Administrator shall equitably and proportionately adjust (1) the number and type of shares of Common Stock (or other securities) that thereafter may be made the subject of awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of shares of Common Stock (or other securities or property) subject to any outstanding awards, (3) the grant, purchase, or exercise price (which term includes the base price of any SAR or similar right) of any outstanding awards, and/or (4) the securities, cash or other property deliverable upon exercise or payment of any outstanding awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding awards.

Without limiting the generality of Section 3.3, any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section 7.1, and the extent and nature of any such adjustment, shall be conclusive and binding on all persons.

Corporate Transactions - Assumption and Termination of Awards. Upon any event in which the Corporation does not survive, or does not survive as a public company in respect of its Common Stock (including, without limitation, a dissolution, merger, combination, consolidation, conversion, exchange of securities, or other reorganization, or a sale of all or substantially all of the business, stock or assets of the Corporation, in any case in connection with which the Corporation does not survive or does not survive as a public company in respect of its Common Stock), then the Administrator may make provision for a cash payment in settlement of, or for the termination, assumption, substitution or exchange of any or all outstanding awards or the cash, securities or property deliverable to the holder of any or all outstanding awards, based upon, to the extent relevant under the circumstances, the distribution or consideration payable to holders of the Common Stock upon or in respect of such event. Upon the occurrence of any event described in the preceding sentence in connection with which the Administrator has made provision for the award to be terminated (and the Administrator has not made a provision for the substitution, assumption, exchange or other continuation or settlement of the award): (1) unless otherwise provided in the applicable award agreement, each then-outstanding option and SAR shall become fully vested, all shares of restricted stock then outstanding shall fully vest free of restrictions, and each other award granted under this Plan that is then outstanding shall become payable to the holder of such award (with any performance goals applicable to the award in each case being deemed met, unless otherwise provided in the award agreement, at the "target" performance level); and (2) each award (including any award or portion thereof that, by its terms, does not accelerate and vest in the circumstances) shall terminate upon the related event; provided that the holder of an option or SAR shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding vested options and SARs (after giving effect to any accelerated vesting required in the circumstances) in accordance with their terms before the termination of such awards (except that in no case shall more than ten days' notice of the impending termination be required and any acceleration of vesting and any exercise of any portion of an award that is so accelerated may be made contingent upon the actual occurrence of the event).

Without limiting the preceding paragraph, in connection with any event referred to in the preceding paragraph or any change in control event defined in any applicable award agreement, the Administrator may, in its discretion, provide for the accelerated vesting of any award or awards as and to the extent determined by the Administrator in the circumstances.



For purposes of this Section 7.2, an award shall be deemed to have been “assumed” if (without limiting other circumstances in which an award is assumed) the award continues after an event referred to above in this Section 7.2, and/or is assumed and continued by the surviving entity following such event (including, without limitation, an entity that, as a result of such event, owns the Corporation or all or substantially all of the Corporation’s assets directly or through one or more subsidiaries (a “Parent”)), and confers the right to purchase or receive, as applicable and subject to vesting and the other terms and conditions of the award, for each share of Common Stock subject to the award immediately prior to the event, the consideration (whether cash, shares, or other securities or property) received in the event by the stockholders of the Corporation for each share of Common Stock sold or exchanged in such event (or the consideration received by a majority of the stockholders participating in such event if the stockholders were offered a choice of consideration); provided, however, that if the consideration offered for a share of Common Stock in the event is not solely the ordinary common stock of a successor corporation or a Parent, the Administrator may provide for the consideration to be received upon exercise or payment of the award, for each share subject to the award, to be solely ordinary common stock of the successor corporation or a Parent equal in fair market value to the per share consideration received by the stockholders participating in the event.

The Administrator may adopt such valuation methodologies for outstanding awards as it deems reasonable in the event of a cash or property settlement and, in the case of options, SARs or similar rights, but without limitation on other methodologies, may base such settlement solely upon the excess if any of the per share amount payable upon or in respect of such event over the exercise or base price of the award. In the case of an option, SAR or similar right as to which the per share amount payable upon or in respect of such event is less than or equal to the exercise or base price of the award, the Administrator may terminate such award in connection with an event referred to in this Section 7.2 without any payment in respect of such award.

In any of the events referred to in this Section 7.2, the Administrator may take such action contemplated by this Section 7.2 prior to such event (as opposed to on the occurrence of such event) to the extent that the Administrator deems the action necessary to permit the participant to realize the benefits intended to be conveyed with respect to the underlying shares. Without limiting the generality of the foregoing, the Administrator may deem an acceleration and/or termination to occur immediately prior to the applicable event and, in such circumstances, will reinstate the original terms of the award if an event giving rise to an acceleration and/or termination does not occur.

Without limiting the generality of Section 3.3, any good faith determination by the Administrator pursuant to its authority under this Section 7.2 shall be conclusive and binding on all persons.

Other Acceleration Rules. The Administrator may override the provisions of Section 7.2 by express provision in the award agreement and may accord any Eligible Person a right to refuse any acceleration, whether pursuant to the award agreement or otherwise, in such circumstances as the Administrator may approve. The portion of any 7.3 ISO accelerated in connection with an event referred to in Section 7.2 (or such other circumstances as may trigger accelerated vesting of the award) shall remain exercisable as an ISO only to the extent the applicable \$100,000 limitation on ISOs is not exceeded. To the extent exceeded, the accelerated portion of the option shall be exercisable as a nonqualified stock option under the Code.

#### 8. OTHER PROVISIONS

Compliance with Laws. This Plan, the granting and vesting of awards under this Plan, the offer, issuance and delivery of shares of Common Stock, and/or the payment of money under this Plan or under awards are subject to compliance with all applicable federal, state, local and foreign laws, rules and regulations (including but not 8.1 limited to state and federal securities law and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Corporation or one of its Subsidiaries, provide such assurances and representations to the Corporation or one of its Subsidiaries as

the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

8.2 No Rights to Award. No person shall have any claim or rights to be granted an award (or additional awards, as the case may be) under this Plan, subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.

No Employment/Service Contract. Nothing contained in this Plan (or in any other documents under this Plan or in any award) shall confer upon any Eligible Person or other participant any right to continue in the employ or other service of the Corporation or one of its Subsidiaries, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Corporation or one of its Subsidiaries to change a person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause. Nothing in this Section 8.3, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract other than an award agreement.

8.3 Plan Not Funded. Awards payable under this Plan shall be payable in shares or from the general assets of the Corporation, and no special or separate reserve, fund or deposit shall be made to assure payment of such awards. No participant, beneficiary or other person shall have any right, title or interest in any fund or in any specific asset (including shares of Common Stock, except as expressly otherwise provided) of the Corporation or one of its Subsidiaries by reason of any award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Corporation or one of its Subsidiaries and any participant, beneficiary or other person. To the extent that a participant, beneficiary or other person acquires a right to receive payment pursuant to any award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

8.4 Tax Withholding. Upon any exercise, vesting, or payment of any award, or upon the disposition of shares of Common Stock acquired pursuant to the exercise of an ISO prior to satisfaction of the holding period requirements of Section 422 of the Code, or upon any other tax withholding event with respect to any award, arrangements satisfactory to the Corporation shall be made to provide for any taxes the Corporation or any of its Subsidiaries may be required or permitted to withhold with respect to such award event or payment. Such arrangements may include (but are not limited to) any one of (or a combination of) the following:

(a) The Corporation or one of its Subsidiaries shall have the right to require the participant (or the participant's personal representative or beneficiary, as the case may be) to pay or provide for payment of the amount of any taxes which the Corporation or one of its Subsidiaries may be required or permitted to withhold with respect to such award event or payment.

(b) The Corporation or one of its Subsidiaries shall have the right to deduct from any amount otherwise payable in cash (whether related to the award or otherwise) to the participant (or the participant's personal representative or beneficiary, as the case may be) the amount of any taxes which the Corporation or one of its Subsidiaries may be required or permitted to withhold with respect to such award event or payment.

(c) In any case where a tax is required to be withheld in connection with the delivery of shares of Common Stock under this Plan, the Administrator may in its sole discretion (subject to Section 8.1) require or grant (either at the time of the award or thereafter) to the participant the right to elect, pursuant to such rules and subject to such conditions as the Administrator may establish, that the Corporation reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares, valued in a consistent manner at their fair market value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy any applicable withholding obligation on exercise, vesting or payment.

8.6 Effective Date, Termination and Suspension, Amendments.

8.6.1 Effective Date. This Plan is effective as of March 13, 2017, the date of its approval by the Board (the “Effective Date”). This Plan shall be submitted for and subject to stockholder approval no later than twelve months after the Effective Date. Unless earlier terminated by the Board and subject to any extension that may be approved by stockholders, this Plan shall terminate at the close of business on the day before the tenth anniversary of the Effective Date. After the termination of this Plan either upon such stated termination date or its earlier termination by the Board, no additional awards may be granted under this Plan, but previously granted awards (and the authority of the Administrator with respect thereto, including the authority to amend such awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.

8.6.2 Board Authorization. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No awards may be granted during any period that the Board suspends this Plan.

8.6.3 Stockholder Approval. To the extent then required by applicable law or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to stockholder approval.

8.6.4 Amendments to Awards. Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the Administrator by agreement or resolution may waive conditions of or limitations on awards to participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a participant, and (subject to the requirements of Sections 3.2 and 8.6.5) may make other changes to the terms and conditions of awards. Any amendment or other action that would constitute a repricing of an award is subject to no-repricing provisions in Section 3.2.

8.6.5 Limitations on Amendments to Plan and Awards. No amendment, suspension or termination of this Plan or amendment of any outstanding award agreement shall, without written consent of the participant, affect in any manner materially adverse to the participant any rights or benefits of the participant or obligations of the Corporation under any award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 7 shall not be deemed to constitute changes or amendments for purposes of this Section 8.6.

8.7 Privileges of Stock Ownership. Except as otherwise expressly authorized by the Administrator, a participant shall not be entitled to any privilege of stock ownership as to any shares of Common Stock not actually delivered to and held of record by the participant. Except as expressly required by Section 7.1 or otherwise expressly provided by the Administrator, no adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

8.8 Governing Law; Construction; Severability.

8.8.1 Choice of Law. This Plan, the awards, all documents evidencing awards and all other related documents shall be governed by, and construed in accordance with the laws of the State of Delaware, notwithstanding any Delaware or other conflict of law provision to the contrary.

8.8.2 Severability. If a court of competent jurisdiction holds any provision invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.

8.9 Captions. Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.

- Stock-Based Awards in Substitution for Stock Options or Awards Granted by Other Corporation. Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee stock options, SARs, restricted stock or other stock-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Corporation or one of its Subsidiaries, in connection with a distribution, merger or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Corporation or one of its Subsidiaries, directly or indirectly, of all or a substantial part of the stock or assets of the employing entity. The awards so granted need not comply with other specific terms of this Plan, provided the
- 8.10 awards reflect adjustments giving effect to the assumption or substitution consistent with any conversion applicable to the common stock (or the securities otherwise subject to the award) in the transaction and any change in the issuer of the security. Any shares that are delivered and any awards that are granted by, or become obligations of, the Corporation, as a result of the assumption by the Corporation of, or in substitution for, outstanding awards previously granted or assumed by an acquired company (or previously granted or assumed by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Corporation or one of its Subsidiaries in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.
- 8.11 Non-Exclusivity of Plan. Nothing in this Plan shall limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to the Common Stock, under any other plan or authority.
- No Corporate Action Restriction. The existence of this Plan, the award agreements and the awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Corporation or any Subsidiary (or any of their respective stockholders, boards of directors or committees thereof (or any subcommittees), as the case may be) to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the capital structure or business of the Corporation or any Subsidiary, (b) any merger, amalgamation, consolidation or change in the ownership of the Corporation or any Subsidiary, (c) any issue of bonds, debentures, capital, preferred or prior preference stock ahead of or affecting the capital stock (or the rights thereof) of the Corporation or any Subsidiary, (d) any dissolution or liquidation of the Corporation or any Subsidiary, (e) any sale or transfer of all or any part of the assets or business of the Corporation or any Subsidiary, (f) any other award, grant, or payment of incentives or other compensation under any other plan or authority (or any other action with respect to any benefit, incentive or compensation), or (g) any other corporate act or proceeding by the Corporation or any Subsidiary. No participant, beneficiary or any other person shall have any claim under any award or award agreement against any member of the Board or the Administrator, or the Corporation or any employees, officers or agents of the Corporation or any Subsidiary, as a result of any such action. Awards need not be structured so as to be deductible for tax purposes.
- 8.12 Other Company Benefit and Compensation Programs. Payments and other benefits received by a participant under an award made pursuant to this Plan shall not be deemed a part of a participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Corporation or any Subsidiary, except where the Administrator expressly otherwise provides or authorizes in writing. Awards under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans, arrangements or authority of the Corporation or its Subsidiaries.
- 8.13 Clawback Policy. The awards granted under this Plan are subject to the terms of the Corporation's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of awards or any shares of Common Stock or other cash or property received with respect to the awards (including any value received from a disposition of the shares acquired upon payment of the awards).
- 8.14





Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:  
The Notice, Proxy Statement and 2018 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).