CTI BIOPHARMA CORP
Form 424B2
November 06, 2014
Table of Contents

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-183037

The information contained in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. A registration statement relating to the securities has been declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated November 6, 2014

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 29, 2012)

Shares

Series 21 Preferred Stock

We are offering shares of Series 21 Preferred Stock (and shares of common stock issuable upon conversion thereof). The Series 21 Preferred Stock will not be listed on any national securities exchange.

Conversion

Each share of Series 21 Preferred Stock can be converted at the holder s option at any time after issuance into the number of shares of common stock determined by dividing the aggregate stated value of the Series 21 Preferred Stock of $1,000 per share to be converted by the conversion price, which is initially $. The initial conversion price is subject to adjustment in certain events (including certain fundamental changes), which are explained in more detail under the section entitled Description of the Securities We Are Offering. No shares of Series 21 Preferred Stock shall be convertible by a holder to the extent such conversion would result in the holder and its affiliates beneficially owning more than 9.99% of our common stock then outstanding, or the Beneficial Ownership Limitation.

On the first to occur of (i) the 30th day after the original issuance date of the Series 21 Preferred Stock, (ii) the date on which 5,000 or less shares of Series 21 Preferred Stock remain outstanding, or (iii) the adoption by our board of directors of a resolution that it intends to adopt an amendment to our amended and restated articles of incorporation, as amended, without shareholder approval to effect a reverse stock split with respect to our common stock in order to achieve compliance with the listing rules of The NASDAQ Capital Market or for other good faith business reasons (in each case, referred to as an Automatic Conversion Date), all outstanding shares of Series 21 Preferred Stock, except to the extent limited by the Beneficial Ownership Limitation, shall automatically convert into the number of registered shares of our common stock determined by dividing the aggregate stated value of the Series 21 Preferred Stock being converted by the conversion price then in effect. Notwithstanding the Beneficial Ownership Limitation, any shares of Series 21 Preferred Stock that were not converted into shares of our common stock on the Automatic Conversion Date shall automatically convert into shares of our common stock on the earlier of (i) the date on which the conversion of such shares of Series 21 Preferred Stock would no longer result in beneficial ownership of more than 9.99% of our common stock then outstanding by the particular holder and its affiliates and (ii) the 91st day after the original issuance date.

Ranking and Liquidation Preference

Shares of Series 21 Preferred Stock rank senior to our common stock. In the event of our voluntary or involuntary dissolution, liquidation or winding up, each holder of Series 21 Preferred Stock will be entitled to be paid a liquidation preference equal to the initial stated value of such holder s Series 21 Preferred Stock of $1,000 per share, plus any declared and unpaid dividends and any other payments that may be due on such shares, before any distribution of assets may be made to holders of capital stock ranking junior to the Series 21 Preferred Stock.

Voting Rights

The Series 21 Preferred Stock will have no voting rights, except as otherwise expressly provided in our articles of incorporation or as otherwise required by law.

Common Stock Listing

Our common stock is quoted on The NASDAQ Capital Market and on the Mercato Telematico Azionario stock market, or the MTA, in Italy under the symbol CTIC. On November 5, 2014, the last reported sale price of our common stock on The NASDAQ Capital Market was $2.38 per share.

Investing in our securities involves a high degree of risk. Please read Risk Factors beginning on page S-11 of this prospectus supplement and in the documents incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share[1]	Total
Public Offering Price	$	$
Underwriting Discounts and Commissions[2]	$	$
Proceeds to CTI BioPharma Corp., before expenses	$	$

(1) Excludes shares of common stock issuable upon conversion of the Series 21 Preferred Stock offered hereby.
(2) The underwriters will also be reimbursed for certain expenses incurred in this offering. See Underwriting for details.

Delivery of the Series 21 Preferred Stock is expected to be made on or about , 2014.

Sole Book-Running Manager

Piper Jaffray

Prospectus Supplement dated , 2014.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus supplement, the accompanying prospectus or in any of the documents incorporated by reference. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We are not making an offer of the Series 21 Preferred Stock (or the shares of common stock issuable from time to time upon conversion of the Series 21 Preferred Stock) covered by this prospectus supplement in any jurisdiction where the offer is not permitted.

The information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of its respective date, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus, or of any sale of the Series 21 Preferred Stock (or shares of common stock issuable upon conversion of the Series 21 Preferred Stock). You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the respective dates thereof.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus relate to the offering of shares of our Series 21 Preferred Stock (and shares of our common stock issuable upon conversion thereof). You should read this prospectus supplement, the accompanying prospectuses and the documents incorporated by reference before making an investment decision. You should also read and consider the information in the documents we have referred you to in the section of this prospectus supplement entitled Where You Can Find More Information and Incorporation of Certain Documents by Reference.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the Series 21 Preferred Stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference, on the other hand, you should rely on the information in this prospectus supplement.

We have not, and the underwriters have not, authorized any other person to provide you with information that is different. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If anyone provides you with different or inconsistent information, you should not rely on it.

We are offering to sell, and seeking offers to buy, the Series 21 Preferred Stock only in jurisdictions where offers and sales are permitted.

The information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate only as of the respective dates of the applicable documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

Market data and industry statistics contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus are based on independent industry publications, reports by market research firms and other published independent sources. Some data and other information are also based on our good faith estimates, which are derived from our review of internal surveys and independent sources. Although we believe these sources are credible, we have not independently verified the data or information obtained from these sources. Accordingly, investors should not place undue reliance on this information. By including such market data and information, we do not undertake a duty to update or provide that data in the future.

In this prospectus supplement, the terms CTI, Company, we, us, our and similar terms refer to CTI BioPharma Corp., a Washington corporat and its subsidiaries, unless the context otherwise requires. CTI, Opaxio and PIXUVRI are our proprietary marks. All other product names, trademarks and trade names referred to in this prospectus, as supplemented from time to time, are the property of their respective owners.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. In accordance with the Exchange Act, we file reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. Such reports, proxy statements and other information filed by us are available to the public free of charge at www.sec.gov. Copies of certain information filed by us with the SEC are also available on our website at www.ctibiopharma.com. With the exception of the reports specifically incorporated by reference in this prospectus supplement as set forth below, material contained on or accessible through our website is specifically not incorporated into this prospectus supplement. You may also read and copy any document we file with the SEC at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference facilities by calling the SEC at 1-800-SEC-0330.

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the SEC. This prospectus supplement and the accompanying prospectus omit some information contained in the registration statement in accordance with SEC rules and regulations. You should review the information and exhibits in the registration statement for further information about us and the securities being offered hereby. Statements in this prospectus supplement or the accompanying prospectus concerning any document we filed as an exhibit to the registration statement or that we otherwise filed with the SEC are not intended to be comprehensive and are qualified by reference to these filings. You should review the complete document to evaluate these statements.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

SEC rules allow us to incorporate by reference into this prospectus supplement and the accompanying prospectus much of the information we file with the SEC, which means that we can disclose important information to you by referring you to those publicly available documents. The information that we incorporate by reference into this prospectus supplement and the accompanying prospectus is considered to be part of this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act (in each case, other than those documents or the portions of those documents deemed to be furnished and not filed in accordance with SEC rules) until the offering of the securities under the registration statement is terminated or completed:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on March 4, 2014;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2014, June 30, 2014 and September 30, 2014, filed with the SEC on April 29, 2014, August 4, 2014 and October 31, 2014, respectively;
- our Current Reports on Form 8-K filed with the SEC on January 2, 2014, January 13, 2014, January 31, 2014, February 3, 2014, February 14, 2014, April 18, 2014, May 22, 2014, June 2, 2014, September 17, 2014 and October 27, 2014 (as amended by Amendment No. 1 filed on November 6, 2014);
- the description of our capital stock contained in our Registration Statement on Form 10 filed with the SEC on June 27, 1996, as amended; and
- the description of our Preferred Stock Purchase Rights contained in our Registration Statement on Form 8-A filed with the SEC on December 28, 2009, Amendment No 1. to Form 8-A filed with the SEC on May 17, 2011, Registration Statement on Form 8-A filed with the SEC on September 6, 2012, Amendment No. 1 to Form 8-A filed with the SEC on December 7, 2012 and any other amendment or report filed for the purpose of updating such description.

Table of Contents

Because we are incorporating by reference future filings with the SEC, this prospectus supplement and the accompanying prospectus are continually updated and later information filed with the SEC may update and supersede some of the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus supplement and the accompanying prospectus or in any document previously incorporated by reference have been modified or superseded.

We will provide without charge to each person, including any beneficial owners, to whom this prospectus supplement is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus supplement and the accompanying prospectus but not delivered with this prospectus supplement, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You may request a copy of these documents by writing or telephoning us at the following address:

CTI BioPharma Corp.

3101 Western Avenue, Suite 600

Seattle, Washington 98121

(206) 282-7100

Attention: Investor Relations

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference may contain forward-looking statements within the meaning under the U.S. federal securities laws. All statements other than statements of historical fact are forward-looking statements, including, without limitation:

- any statements regarding future operations, plans, regulatory filings or approvals;
- any statements regarding the performance, or likely performance, or outcomes or economic benefit of any licensing or other agreement;
- any projections of revenues, operating expenses or other financial terms, and any projections of cash resources, including regarding our potential receipt of future milestone payments under any of our agreements with third parties;
- any statements of the plans and objectives of management for future operations or programs;
- any statements concerning proposed new products or services;
- any statements regarding the safety and efficacy or future availability of any of our compounds;
- any statements on plans regarding proposed or potential clinical trials or new drug filing strategies or timelines;

any statements regarding compliance with the listing standards of The NASDAQ Stock Market;

any statements regarding pending or future partnerships, licensing arrangements, mergers or acquisitions; and

any statements regarding future economic conditions or performance, and any statements of assumption underlying any of the foregoing.

Table of Contents

In some cases, forward-looking statements can be identified by terms such as anticipates, believes, continue, could, estimates, expects, i may, plans, potential, predicts, projects, should or will or the negative thereof, variations thereof and similar expressions. Such stateme based on management s current expectations and are subject to risks and uncertainties which may cause actual results to differ materially from those set forth in the forward-looking statements. There can be no assurance that such expectations or any of the forward-looking statements will prove to be correct, and actual results could differ materially from those projected or assumed in the forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, including, but not limited to, the risk factors described in the section of this prospectus supplement entitled Risk Factors, and those risks and uncertainties described in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. All forward-looking statements and reasons why results may differ included in this prospectus supplement are made as of the date hereof, and we assume no obligation to update any such forward-looking statement or reason why actual results might differ, except to the extent required by law.

Table of Contents

SUMMARY

The following summary highlights information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. The following summary does not contain all of the information that you should consider before investing in our securities. To understand this offering fully, you should read this entire prospectus supplement and the accompanying prospectus carefully, including the financial statements and the documents incorporated by reference.

Our Company

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

Corporate Information

We were incorporated in the State of Washington in 1991. Our shares of common stock trade on The NASDAQ Capital Market and the MTA in Italy under the symbol CTIC. Our principal executive offices are located at 3101 Western Avenue, Suite 600, Seattle, Washington 98121, and our phone number is (206) 282-7100. Our website is located at www.ctibiopharma.com; however, the information in, or that can be accessed through, our website is not part of this prospectus supplement or the accompanying prospectus.

Recent Developments

PIXUVRI

PIXUVRI is a novel aza-anthracenedione with unique structural and physiochemical properties. In May 2012, the European Commission granted conditional marketing authorization in the E.U. for PIXUVRI as a monotherapy for the treatment of adult patients with multiply relapsed or refractory aggressive B-cell NHL. PIXUVRI is the first approved treatment in the E.U. for patients with aggressive B-cell NHL who have failed two or three prior lines of therapy. In connection with the conditional marketing authorization, we are conducting the required post-approval commitment trial, which compares pixantrone and rituximab with gemcitabine and rituximab in the setting of aggressive B-cell NHL. As we do not anticipate completing this study and submitting the related report by the June 2015 completion date currently agreed upon with the European Medicines Agency, or the EMA, we have notified the EMA that we intend to seek an extension of such date by approximately one year.

As of the date of this filing, PIXUVRI is available in Austria, Denmark, Finland, France, Germany, Israel, Italy, Netherlands, Norway, Sweden and the United Kingdom and has achieved reimbursement decisions under varying conditions in England/Wales, Italy, France, Germany and the Netherlands. PIXUVRI is not approved in the U.S.

In September 2014, we entered into an exclusive license and collaboration agreement with Les Laboratoires Servier and Institut de Recherches Internationales Servier, or collectively Servier, to develop and commercialize PIXUVRI in a transaction valued at up to 103.0 million (or approximately $133.5 million using the currency exchange rate as of September 12, 2014) in the event all milestones were to be achieved. Under this agreement, we retain full commercialization rights to PIXUVRI in Austria, Denmark, Finland, Germany, Israel, Norway, Sweden, Turkey, the U.K. and the U.S., with

Table of Contents

Servier having exclusive rights to commercialize PIXUVRI in all other countries. In October 2014, we received an upfront payment from Servier under the agreement of 14.0 million (or $17.8 million using the currency exchange rate as of the date we received the funds in October 2014).

Pacritinib

Pacritinib is an oral tyrosine kinase inhibitor with dual activity against Janus Kinase 2, or JAK2, and FMS-like tyrosine kinase, or FLT3, that demonstrated meaningful clinical benefit and good tolerability in myelofibrosis patients in Phase 2 clinical trials. We believe pacritinib may offer an advantage over other JAK inhibitors through effective relief of symptoms with less treatment-emergent thrombocytopenia and anemia. In collaboration with Baxter International, Inc., we are pursuing a broad approach to advancing pacritinib for patients with myelofibrosis by conducting two Phase 3 clinical trials: one in a broad set of patients without limitations on blood platelet counts, or PERSIST-1, and the other in patients with low platelet counts, or PERSIST-2.

PERSIST-1 enrollment was completed in August 2014 and top-line results are expected in the first quarter of 2015. Based on the demographics of patients enrolled in PERSIST-1, the projected percent of patients enrolled with moderate or severe thrombocytopenia is expected to be generally consistent with the myelofibrosis population reported in the literature: approximately 60 percent of patients having platelet counts equal to or greater than 150,000/μL; and approximately 40 percent having mild, moderate-and-severe thrombocytopenia, or platelet counts of less than 150,000/μL,100, 000 and 50,000. The duration of therapy is comparable across patients with thrombocytopenia at baseline or patients with normal platelet counts at baseline.

PERSIST-1 and PERSIST-2 are intended to support a New Drug Application regulatory submission in the U.S. in late 2015, followed by a Marketing Authorization Application regulatory submission in Europe in 2016. In August 2014, pacritinib was granted Fast Track designation by the U.S. Food and Drug Administration for the treatment of intermediate- and high-risk myelofibrosis, including but not limited to patients with disease-related thrombocytopenia, patients experiencing treatment-emergent thrombocytopenia on other JAK2 therapy or patients who are intolerant of, or whose symptoms are sub-optimally managed on other JAK2 therapy.

We are also currently evaluating pacritinib in acute myeloid leukemia, or AML, through an ongoing investigator-sponsored trial and intend to evaluate it in other blood cancers in the future.

Tosedostat

Tosedostat is a first-in-class selective inhibitor of aminopeptidases, which are required by tumor cells to provide amino acids necessary for growth and tumor cell survival. In October 2014, we acquired worldwide rights to tosedostat through concurrent transactions with Vernalis R&D Limited, the original developer of tosedostat, and Chroma Therapeutics Ltd. Tosedostat is currently being evaluated in Phase 2 clinical trials for patients with myelodysplastic syndrome and AML. We anticipate data from these signal-finding trials may be used to determine the appropriate design for a Phase 3 trial.

Unaudited Interim Cash Positions and Indebtedness

As of October 31, 2014, we had $20.0 million of the principal balance outstanding under our senior secured term loan agreement and approximately $43.6 million in cash and cash equivalents.

Table of Contents

The Offering

The following is a brief summary of certain terms of this offering and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus.

Securities we are offering	shares of Series 21 Preferred Stock and the approximately shares of common stock issuable from time to time upon conversion of the Series 21 Preferred Stock.
Description of the Series 21 Preferred Stock	
Rank	The Series 21 Preferred Stock will, with respect to rights upon our liquidation, dissolution or winding up, rank senior to our common stock and, so long as at least 20% of the aggregate originally issued shares of Series 21 Preferred Stock are outstanding, we may not repay, repurchase or offer to repay or repurchase or otherwise acquire any material amount of common stock or other securities junior to the Series 21 Preferred Stock except for repurchases of up to 5,750,000 shares of common stock in any 12-month period from employees, officers, directors, consultants or others who perform services for us and who are subject to an agreement with us providing a right of repurchase of such shares at cost or on the occurrence of certain events, such as termination of employment. The Series 21 Preferred Stock ranks *pari passu* with our common stock with respect to dividends.
Stated value	The stated value for each share of Series 21 Preferred Stock is $1,000.
Dividends	Holders of the Series 21 Preferred Stock are entitled to receive dividends equal (on an as if converted to common stock basis) to and in the same form as dividends actually paid on shares of common stock or other junior securities, as and if such dividends are paid. We have never declared or paid any cash dividends on our common stock and do not currently anticipate declaring or paying cash dividends on our common stock in the foreseeable future. See Dividend Policy.

Table of Contents

Optional conversion	Each share of Series 21 Preferred Stock can be converted at the holder s option at any time after issuance into the number of shares of common stock determined by dividing (i) the stated value of the Series 21 Preferred Stock of $1,000 per share to be converted, by (ii) the conversion price, which is initially $. The initial conversion price is subject to adjustment in certain events (including certain fundamental changes), which are explained in more detail under the section entitled Description of the Securities We are Offering. No shares of Series 21 Preferred Stock shall be convertible by a holder to the extent such conversion would result in the holder and its affiliates beneficially owning more than 9.99% of our common stock then outstanding, or the Beneficial Ownership Limitation.
Automatic conversion	On the first to occur of: (i) the 30th day after the original issuance date of the Series 21 Preferred Stock, (ii) the date on which 5,000 or less shares of Series 21 Preferred Stock remain outstanding, or (iii) the adoption by our board of directors of a resolution that it intends to adopt an amendment to our amended and restated articles of incorporation, as amended, or our articles of incorporation, without shareholder approval to effect a reverse stock split with respect to our common stock in order to achieve compliance with the listing rules of The NASDAQ Capital Market or for other good faith business reasons (in each case, an Automatic Conversion Date), all outstanding shares of Series 21 Preferred Stock, except to the extent limited by the Beneficial Ownership Limitation, shall automatically convert into the number of registered shares of our common stock determined by dividing the aggregate stated value of the Series 21 Preferred Stock being converted by the conversion price then in effect. Notwithstanding the Beneficial Ownership Limitation, any shares of Series 21 Preferred Stock that were not

Table of Contents

	converted into shares of our common stock on the Automatic Conversion Date shall automatically convert into shares of our common stock on the earlier of (i) the date on which the conversion of such shares of Series 21 Preferred Stock would no longer result in beneficial ownership of more than 9.99% of our common stock then outstanding by the particular holder and its affiliates and (ii) the 91st day after the original issuance date.
Liquidation preference	In the event of our voluntary or involuntary dissolution, liquidation or winding up, each holder of Series 21 Preferred Stock will be entitled to be paid a liquidation preference equal to the initial stated value of such holder s Series 21 Preferred Stock of $1,000 per share, plus declared and unpaid dividends and any other payments that may be due on such shares, before any distribution of assets may be made to holders of capital stock ranking junior to the Series 21 Preferred Stock.
Voting rights	The Series 21 Preferred Stock will have no voting rights, except as otherwise expressly provided in our articles of incorporation or as otherwise required by law. However, so long as at least 20% of the aggregate originally issued shares of Series 21 Preferred Stock are outstanding, we cannot amend our articles of incorporation, our second amended and restated bylaws, or our bylaws, or our other charter documents, in each case so as to: (i) materially, specifically and adversely affect the rights of the Series 21 Preferred Stock, (ii) repay, repurchase or offer to repay or repurchase or otherwise acquire any of our common stock, common stock equivalents, or other securities junior to the Series 21 Preferred Stock, except in certain limited circumstances, (iii) authorize or create any class of senior preferred stock, or (iv) enter into any agreement or understanding with respect to any of the foregoing,

Table of Contents

	in each case without the affirmative written consent of holders of a majority of the outstanding shares of Series 21 Preferred Stock.
Use of proceeds after expenses	We plan to use the net proceeds from this offering to advance the commercialization of PIXUVRI, accelerate the pre-commercial activities for pacritinib, expand the number of investigator-sponsored trials for pacritinib to diseases other than myelofibrosis and acute myeloid leukemia and support the advancement of tosedostat toward registration-directed trials, as well as for general corporate purposes, which may include, among other things, funding research and development, preclinical and clinical trials, the preparation and filing of new drug applications and general working capital. See Use of Proceeds.
Market for the Series 21 Preferred Stock	There is no established public trading market for the Series 21 Preferred Stock and we do not expect a market to develop. In addition, we do not intend to apply for listing the Series 21 Preferred Stock on any securities exchange.
Market for our common stock	Our common stock is quoted on The NASDAQ Capital Market and on the MTA in Italy under the symbol CTIC. On November 5, 2014, the last reported sale price of our common stock on The NASDAQ Capital Market was $2.38 per share.
Risk factors	See the Risk Factors section contained in this prospectus supplement and in the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus to read about factors you should consider before investing in our securities.

Table of Contents

RISK FACTORS

In addition to the risks described below, you should carefully consider the information under the heading Risk Factors beginning on page 33 of our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014, filed with the SEC on October 31, 2014, which information is incorporated by reference into this prospectus supplement, and other information included in this prospectus supplement, the accompanying prospectus and reports we file from time to time with the SEC that we incorporate by reference herein for a discussion of factors you should carefully consider before deciding to invest in our securities. If any of the identified risks actually occur, it could materially adversely affect our business, financial condition, operating results or prospects and the market price of our securities. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial may also impair our business, financial condition, operating results and prospects and the market price of our securities.

Risks Related to this Offering

There is no public market for the Series 21 Preferred Stock being offered in this offering.

There is no established public trading market for the Series 21 Preferred Stock being offered in this offering, and we do not expect a market to develop. In addition, we do not intend to apply for listing of the Series 21 Preferred Stock on any securities exchange. Without an active market, the liquidity of the Series 21 Preferred Stock will be limited.

Purchasers who convert their shares of Series 21 Preferred Stock into common stock will incur immediate dilution.

Upon conversion of your shares of Series 21 Preferred Stock, you will experience immediate and substantial dilution because the per share conversion price of your shares of Series 21 Preferred Stock will be higher than the net tangible book value per share of the outstanding common stock immediately after this offering. Assuming that an aggregate of shares of the Series 21 Preferred Stock are sold (and are then converted into shares of our common stock at a conversion price of $ per share) for aggregate gross proceeds of approximately $ million, and after deducting commissions and estimated aggregate offering expenses payable by us, you will experience immediate dilution of $ per share, representing the difference between the conversion price per share and our pro forma as adjusted net tangible book value per share as of September 30, 2014 after giving effect to this offering at the assumed size and offering price. In addition, you will experience dilution when we issue additional shares of common stock that we are permitted or required to issue under outstanding warrants and options under our stock option plan or other employee or director compensation plans.

Holders of the Series 21 Preferred Stock will have no rights as holders of common stock until they acquire common stock.

Until you acquire shares of common stock upon conversion of the Series 21 Preferred Stock, you will have no rights as a holder of our common stock, including rights to vote or respond to tender offers, other than the right of the convertible preferred stock to receive dividends equal to and on the same terms as dividends actually paid on common stock. Upon conversion of your Series 21 Preferred Stock, you will be entitled to exercise the rights of a holder of common stock only as to matters for which the record date occurs after the conversion date.

Since we have broad discretion in how we use the net proceeds from this offering, we may use the net proceeds in ways in which you disagree.

We will use the net proceeds from this offering for general corporate purposes. We may use a portion of the net proceeds from this offering to fund possible investments in, or acquisitions of, complementary

Table of Contents

businesses, technologies or products. See Use of Proceeds. We have not allocated specific amounts of the net proceeds from this offering for any specific purpose. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the net proceeds will be invested in a way that does not yield a favorable, or any, return for our company. The failure of our management to use such funds effectively could have a material adverse effect on our business, financial condition, operating results and cash flow.

Risks Related to Holders of our Common Stock

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

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

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

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

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

If our common stock ceases to be listed for trading on The NASDAQ Capital Market for any reason, it may harm our stock price, increase the volatility of our stock price, decrease the level of trading activity and make it more difficult for investors to buy or sell shares of our common stock. Our failure to maintain a listing on The NASDAQ Capital Market may constitute an event of default under our senior secured term loan and any future indebtedness, which would accelerate the maturity date of such debt or trigger other obligations. In addition, certain institutional investors that are not permitted to own securities of non-listed companies may be required to sell their shares adversely affecting the market price of our common stock. If we are not listed on The NASDAQ Capital Market or if our public float falls below $75 million, we will be limited in our ability to file new shelf registration statements on SEC Form S-3 and/or to fully use one or more registration statements on SEC Form S-3. We have relied

Table of Contents

significantly on shelf registration statements on SEC Form S-3 for most of our financings in recent years, so any such limitations may harm our ability to raise the capital we need. Delisting from The NASDAQ Capital Market could also affect our ability to maintain our listing or trading on the MTA in Italy. Trading in our common stock has been halted or suspended on both The NASDAQ Capital Market and MTA in the past and may also be halted or suspended in the future due to market or trading conditions at the discretion of The NASDAQ Stock Market, Commissione Nazionale per le Società e la Borsa, or CONSOB, or the Borsa Italiana (which ensures the development of the managed markets in Italy). Any halt or suspension in the trading in our common stock may negatively impact the market price of our common stock.

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

The market price for securities of biopharmaceutical and biotechnology companies, including ours, historically has been highly volatile, and the market from time to time has experienced significant price and volume fluctuations that are unrelated to the operating performance of such companies. For example, during the 12-month period ended November 5, 2014, our stock price has ranged from a low of $1.60 to a high of $4.25. Fluctuations in the market price or liquidity of our common stock may harm the value of your investment in our common stock.

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

- announcements by us or others of results of clinical trials and regulatory actions;
- announcements by us or others of serious adverse events that have occurred during administration of our products to patients;
- announcements by us or others relating to our ongoing development and commercialization activities;
- announcements of technological innovations or new commercial therapeutic products by us, our collaborative partners or our present or potential competitors;
- our issuance of debt or equity securities, which we expect to pursue to generate additional funds to operate our business, or any perception from time to time that we will issue such securities;
- our quarterly operating results;
- developments or disputes concerning patent or other proprietary rights;
- developments in relationships with collaborative partners;
- acquisitions or divestitures;
- our ability to realize the anticipated benefits of our compounds;

litigation and government proceedings;

adverse legislation, including changes in governmental regulation;

third-party reimbursement policies;

changes in securities analysts recommendations;

short selling of our securities;

changes in health care policies and practices;

Table of Contents

- a failure to achieve previously announced goals and objectives as or when projected;
- halting or suspension of trading in our common stock on The NASDAQ Capital Market by NASDAQ or on the MTA by CONSOB, or the Borsa Italiana; and
- general economic and market conditions.

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