

CTI BIOPHARMA CORP
Form 424B5
December 04, 2015
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The information contained in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. The 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.

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-200452**

Subject to completion, dated December 3, 2015

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 8, 2014)

Shares

Series N-2 Preferred Stock

We are offering _____ shares of Series N-2 Preferred Stock (and _____ million shares of common stock issuable upon conversion thereof). The Series N-2 Preferred Stock will not be listed on any national securities exchange.

Conversion

Each share of Series N-2 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 N-2 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 N-2 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 19.99% 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 N-2 Preferred Stock, (ii) the date on which 5,000 or less shares of Series N-2 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 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 N-2 Preferred Stock, except to the extent limited by the Beneficial Ownership Limitation, shall automatically convert into the number of shares of our common stock determined by dividing the aggregate stated value of the Series N-2 Preferred Stock being converted by the conversion price then in effect. Notwithstanding the Beneficial Ownership Limitation, any shares of Series N-2 Preferred Stock that were not converted into shares of our common stock on or prior to 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 N-2 Preferred Stock would no longer result in beneficial ownership that would exceed the Beneficial Ownership Limitation and (ii) the 91st day after the original issuance date of the Series N-2 Preferred Stock.

Ranking and Liquidation Preference

Shares of Series N-2 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 N-2 Preferred Stock will be entitled to be paid a liquidation preference equal to the initial stated value of such holder's Series N-2 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 N-2 Preferred Stock.

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Voting Rights

The Series N-2 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 December 3, 2015, the last reported sale price of our common stock on The NASDAQ Capital Market was \$1.17 per share.

BVF Partners L.P.

Certain affiliates of BVF Partners L.P., an existing shareholder, have indicated an interest in purchasing approximately 25,641 shares of Series N-2 Preferred Stock in this offering (based on the closing price of our common stock of \$1.17 on The NASDAQ Capital Market on December 3, 2015) at the public offering price. Because this indication of interest is not a binding agreement or a commitment to purchase, these entities may elect not to purchase shares of Series N-2 Preferred Stock in this offering or the underwriters may elect not to sell any of such shares in this offering to such entities. We have also agreed to reimburse BVF Partners for up to \$25,000 of its legal fees and expenses incurred in connection with this offering.

Investing in our securities involves a high degree of risk. Please read **Risk Factors** beginning on page S-15 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 N-2 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 N-2 Preferred Stock is expected to be made on or about _____, 2015.

Sole Book-Running Manager

Piper Jaffray

Lead Manager

Ladenburg Thalmann

Co-Manager

Prospectus Supplement dated

Roth Capital Partners
, 2015.

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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. Any investor purchasing securities in this offering is exclusively responsible for any disclosure obligations it may have as a result of such purchasing pursuant to Italian law.

We are not making an offer of the Series N-2 Preferred Stock (or the shares of common stock issuable from time to time upon conversion of the Series N-2 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 N-2 Preferred Stock (or shares of common stock issuable upon conversion of the Series N-2 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.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus relate to the offering of _____ shares of our Series N-2 Preferred Stock (and _____ million shares of our common stock issuable upon conversion thereof) pursuant to a shelf registration statement on Form S-3 as previously filed and declared effective by the Securities and Exchange Commission, or the SEC. Such registration statement contains a separate base prospectus, which is included herein. You should read and consider this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein 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 N-2 Preferred Stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference therein. 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 therein, on the other hand, you should rely on the information in this prospectus supplement.

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 corporation and its subsidiaries, unless the context otherwise requires. "CTI," "PIXUVRI" and "Opaxio" are our proprietary marks. All other product names, trademarks and trade names referred to in this prospectus supplement and the documents incorporated herein by reference, as the same may be supplemented or amended from time to time, are the property of their respective owners.

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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 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.

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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:

- a) Our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 12, 2015 (as amended by Amendment No. 1 on Form 10-K/A filed on April 30, 2015);
- b) Our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015, June 30, 2015 and September 30, 2015, filed with the SEC on May 6, 2015, August 6, 2015 and November 5, 2015, respectively;
- c) Our Current Reports on Form 8-K filed with the SEC on January 9, 2015, February 27, 2015, March 23, 2015 (as amended by Amendment No. 1 on Form 8-K/A filed on April 29, 2015 and Amendment No. 2 on Form 8-K/A filed on June 11, 2015), June 9, 2015, June 10, 2015, July 27, 2015, September 23, 2015, September 24, 2015, September 29, 2015, October 2, 2015, October 21, 2015, October 30, 2015, November 6, 2015, December 1, 2015 and December 3, 2015;
- d) The description of our common stock contained in our Registration Statement on Form 10 filed with the SEC on June 27, 1996, as amended, and any other amendment or report filed for the purpose of updating such description; and
- e) 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, as amended by Amendment No 1. to Form 8-A filed with the SEC on May 17, 2011, and our Registration Statement on Form 8-A filed with the SEC on September 6, 2012, as amended by Amendment No. 1 to Form 8-A filed with the SEC on December 7, 2012 and Amendment No. 2 to the Form 8-A filed with the SEC on December 1, 2015 and any other amendment or report filed for the purpose of updating such description.

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.

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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

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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 United States, or 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, expectations, intentions, regulatory filings or approvals, including any plans to make a new drug application with the U.S. Food and Drug Administration, or the FDA, for pacritinib, and our ability to get an extension for completing PIX 306 (as hereinafter defined);

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 and expected sales of PIXUVRI® (pixantrone), or PIXUVRI;

any statements of the plans and objectives of management for future operations or programs;

any statements concerning proposed new products;

any statements regarding the safety and efficacy or future availability of any of our compounds;

any statements regarding expectations with respect to the potential therapeutic utility of pacritinib and the prevalence of myelofibrosis in the U.S.;

any statements on plans regarding proposed or potential clinical trials or new drug filing strategies, timelines or submissions, including statements with respect to the submission of a new drug application, or NDA, requesting accelerated approval in the fourth quarter of 2015 for our NDA for pacritinib or any other regulatory filings in Europe and other locations outside the U.S.;

the ability of the PERSIST-1 and Phase 1 and Phase 2 trials and additional information about pacritinib requested by the FDA to support a potential regulatory submission on an accelerated basis or otherwise;

the potential to make pacritinib available to patients with significant thrombocytopenia earlier than expected and to shorten the time to market for pacritinib by 14 months;

the ability to complete enrollment for PERSIST-2 by in the first quarter 2016 and the ability of pacritinib to meet unmet medical needs and future regulatory, development and commercialization;

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any statements concerning significant disruptions in our information technology systems;

any statements regarding compliance with the listing standards of The NASDAQ Stock Market and the MTA in Italy;

any statements regarding potential partnerships, licensing arrangements, mergers, acquisitions or other transactions; and

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

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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 statements are 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 are based on assumptions about many important factors and information currently available to us to the extent we have thus far had an opportunity to evaluate such information in light of all surrounding facts, circumstances, recommendations and analyses. 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.

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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 herein and therein.

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

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.

PIXUVRI

PIXUVRI is a novel aza-anthracenedione with unique structural and physiochemical properties. In May 2012, the European Commission granted conditional marketing authorization in the E.U. for PIXUVRI as a monotherapy for the treatment of adult patients with multiply relapsed or refractory aggressive B-cell NHL. PIXUVRI is the first approved treatment in the E.U. for patients with multiply relapsed or refractory aggressive B-cell NHL who have failed two or three prior lines of therapy. As a part of the conditional marketing authorization, we are required to conduct a post-authorization trial, which we refer to as PIX306, comparing PIXUVRI and rituximab with gemcitabine and rituximab in the setting of aggressive B-cell NHL. Pursuant to our conditional marketing authorization in the E.U., we are required to submit the requisite clinical study report for PIX306 by November 2016. We plan to request an extension of such deadline.

Under our collaboration arrangement with Les Laboratoires Servier and Institut de Recherches Internationales Servier, or Servier, we have full commercialization rights to PIXUVRI in Austria, Denmark, Finland, Germany, Israel, Norway, Sweden, Turkey, the United Kingdom, or the U.K., and the U.S., while Servier has exclusive rights to commercialize PIXUVRI in all other countries. PIXUVRI is currently available in Austria, Denmark, Finland, France, Germany, Israel, Italy, Netherlands, Norway, Sweden and the U.K. and has achieved reimbursement decisions under varying conditions in England/Wales, Italy, France, Germany, the Netherlands and Spain.

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Pacritinib

Our lead development candidate, pacritinib, is an investigational oral kinase inhibitor with specificity for JAK2, FLT3, IRAK1 and CSF1R. The JAK family of enzymes is a central component in signal transduction pathways, which are critical to normal blood cell growth and development, as well as inflammatory cytokine expression and immune responses. Mutations in these kinases have been shown to be directly related to the development of a variety of blood-related cancers, including myeloproliferative neoplasms, leukemia and lymphoma. The kinase profile of pacritinib suggests its potential therapeutic utility in conditions such as acute myeloid leukemia, or AML, myelodysplastic syndrome (MDS), chronic myelomonocytic leukemia (CMML), and chronic lymphocytic leukemia (CLL), due to its inhibition of c-fms, IRAK1, JAK2, and FLT3. We are pursuing a broad approach to advancing pacritinib for adult patients with myelofibrosis by conducting two Phase 3 clinical trials: one in a broad set of patients without limitations on blood platelet counts, the PERSIST-1 trial; and the other in patients with low platelet counts, the PERSIST-2 trial.

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

In October 2013, we reached agreement with the FDA on a Special Protocol Assessment, or SPA, for the PERSIST-2 trial. The SPA is a written agreement between us and the FDA regarding the design, endpoints and planned statistical analysis approach of the trial to be used in support of an NDA submission. The design of PERSIST-1 and PERSIST-2 allows for patients on the best availability therapy arm to crossover and receive treatment with pacritinib if their disease progresses or after they achieve the 24-week measurement endpoint. Although crossover design of clinical trials may confound evaluation of survival, such designs are frequently used in cancer studies, and the FDA has approved multiple oncology drugs that utilized crossover design in Phase 3 trials. Enrollment in PERSIST-2, which is designed to enroll up to 300 patients in North America, Europe, Australia, New Zealand and Russia, is continuing.

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

In September 2015, following a pre-NDA meeting for pacritinib, we announced our plan to submit a NDA to the FDA in the fourth quarter of 2015. We began the rolling submission in November 2015 and expect to complete submission of the NDA in December of 2015 and to request accelerated approval and priority review for the treatment of patients with intermediate and high-risk myelofibrosis with low

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platelet counts of less than 50,000 per microliter. The NDA will be based primarily on data from the PERSIST-1 Phase 3 trial, as well as data from Phase 1 and 2 studies and additional data requested by the FDA, including a separate study report and datasets for the specific patient population with low platelet counts of less than 50,000 per microliter (<50,000/uL) for whom there are no approved drugs.

We share joint commercialization rights to pacritinib with Baxalta Incorporated, or Baxalta, in the U.S., while Baxalta has exclusive commercialization rights for all indications outside the U.S.

Tosedostat

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

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

Unaudited Interim Cash Positions and Indebtedness

As of November 30, 2015, we had approximately \$82.8 million in cash and cash equivalents, a principal balance of \$20.0 million outstanding under our senior secured term loan agreement and an outstanding balance of \$32.0 million classified as debt as a result of the milestone advance we received from Baxalta relating to pacritinib.

Recent Developments

Amendment to Rights Plan

On December 1, 2015, our board of directors approved an amendment, or the amendment, to our rights plan dated as of December 28, 2009, between the Company and Computershare Trust Company, N.A., as rights agent, as amended by that certain First Amendment to Shareholder Rights Agreement dated as of August 31, 2012 and as further amended by that certain Second Amendment to Shareholder Rights Agreement dated as of December 6, 2012, which we refer to, collectively, as our rights plan.

The amendment amends the definition of *Final Expiration Date* under the rights plan from the close of business on December 3, 2015 to the close of business on December 2, 2018. The rights under the rights plan were initially distributed as a dividend on each share of our common stock outstanding on January 7, 2010, the record date pursuant to the rights plan, and currently trade with each outstanding share of common stock.

Board Nomination Rights

On December 2, 2015, we agreed to grant to BVF Partners L.P., or BVF Partners, subject to the consummation of this offering, a one-time right to nominate two individuals to serve as members of our board of directors, subject to our board of directors' consent which is not to be unreasonably withheld. One of these director nominees must (i) qualify as an *independent* director as defined under the

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applicable rules and regulations of the SEC and The NASDAQ Stock Market LLC, or NASDAQ, and (ii) must not be considered an affiliate of BVF Partners as such term is defined by Rule 12b-2 of the Exchange Act. We have agreed, for the period hereinafter described, to include the nominated directors in our slate of nominees for election to our 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: (x) one of the directors (to be determined by BVF Partners), and such director must tender his or her resignation to our board of directors if requested, promptly upon BVF Partners ceasing to beneficially own at least 11% of our issued and outstanding common stock or voting power of the Company, and (y) both directors, and, if requested by our board of directors, the nominated director(s) must tender his or their resignation to our board of directors, promptly upon the earlier to occur of (a) BVF Partners ceasing to beneficially own at least 5% of our issued and outstanding common stock or voting power of the Company, (b) BVF Partners ceasing to beneficially own at least 50% of the shares of our common stock beneficially owned by BVF Partners and its affiliates immediately after consummation of this offering (on an as-converted basis), or (c) the continuation of such nomination right would cause any violation of the applicable listing rules of NASDAQ. In each case, beneficial ownership shall be determined (solely for purposes of determining the applicability of BVF Partners' right of nomination) on an as-converted to common stock basis, without regard to any blockers.

Following the consummation of this offering, we also expect that we will work collaboratively with any newly appointed directors nominated by BVF Partners to identify an additional unaffiliated independent director with significant industry experience to appoint to our board of directors.

We also expect BVF Partners to enter into a customary standstill agreement with us, with terms to be negotiated between BVF Partners and us.

If necessary to limit BVF Partners' beneficial ownership of common stock to 9.99% subsequent to the closing of this offering, we expect to enter into an agreement with BVF Partners at the closing of this offering, subject to any board and committee approvals, to exchange shares of common stock underlying the convertible Series N-2 Preferred Stock purchased by BVF Partners in this offering into shares of a convertible non-voting preferred stock with substantially similar terms as the convertible Series N-2 Preferred Stock in this offering, including a conversion blocker initially set at 9.99% of our common stock. Such right would terminate if at any time BVF Partners' beneficial ownership falls below 5% of the Company. We will take commercially reasonable efforts to cooperate to effectuate such exchange, provided that it does not adversely affect us.

Competitor Letter

On December 3, 2015, we received a letter from a potential competitor for pacritinib dated December 2, 2015 alleging, among other things, that certain oral statements made by us regarding the safety and efficacy of the potential competitor's drug and pacritinib were false or misleading. The potential competitor has demanded that we discontinue such messaging and take appropriate corrective actions to remedy those statements. Based on a preliminary review of this letter, we believe that the claims in the letter are misguided and that the letter was motivated not out of any concern regarding the safety or efficacy of pacritinib but rather for competitive purposes. We intend to respond to this potential competitor in due course, indicating our strong disagreement with the conclusions drawn in the letter.

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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 N-2 Preferred Stock and the approximately million shares of common stock issuable from time to time upon conversion of the Series N-2 Preferred Stock.
Description of the Series N-2 Preferred	
Stock Rank	The Series N-2 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 N-2 Preferred Stock are outstanding, among other things, we may not, absent the written consent of the holders of a majority of the outstanding shares of Series N-2 Preferred Stock, repay, repurchase or offer to repay or repurchase or otherwise acquire any material amount of common stock or other securities junior to the Series N-2 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 N-2 Preferred Stock ranks <i>pari passu</i> with our common stock with respect to dividends.
Stated value	The stated value for each share of Series N-2 Preferred Stock is \$1,000.
Dividends	Holders of the Series N-2 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.
Optional conversion	Each share of Series N-2 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 N-2 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),

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Automatic conversion	<p>which are explained in more detail under the section entitled Description of the Securities We are Offering. No shares of Series N-2 Preferred Stock shall be convertible by a holder to the extent such conversion would be prohibited by the Beneficial Ownership Limitation.</p> <p>On the first to occur of:</p> <p>(i) the 30th day after the original issuance date of the Series N-2 Preferred Stock,</p> <p>(ii) the date on which 5,000 or less shares of Series N-2 Preferred Stock remain outstanding, or</p> <p>(iii) the adoption by our board of directors of a resolution that it intends to adopt an amendment to 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),</p>
Liquidation preference	<p>all outstanding shares of Series N-2 Preferred Stock, except to the extent limited by the Beneficial Ownership Limitation, shall automatically convert into the number of shares of our common stock determined by dividing the aggregate stated value of the Series N-2 Preferred Stock being converted by the conversion price then in effect. Notwithstanding the Beneficial Ownership Limitation, any shares of Series N-2 Preferred Stock that were not converted into shares of our common stock on or prior to 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 N-2 Preferred Stock would no longer be prohibited by the Beneficial Ownership Limitation and (ii) the 91st day after the original issuance date of the Series N-2 Preferred Stock.</p> <p>In the event of our voluntary or involuntary dissolution, liquidation or winding up, each holder of Series N-2 Preferred Stock will be entitled to be paid a liquidation preference equal to the initial stated value of such holder's Series N-2 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 N-2 Preferred Stock.</p>

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Voting rights	<p>The Series N-2 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 N-2 Preferred Stock are outstanding, we cannot amend our articles of incorporation, our bylaws or our other charter documents, in each case so as to:</p> <ul style="list-style-type: none"> (i) materially, specifically and adversely affect the rights of the Series N-2 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 N-2 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, in each case without the affirmative written consent of holders of a majority of the outstanding shares of Series N-2 Preferred Stock.
Use of proceeds	<p>We plan to use the net proceeds from this offering to support the commercial launch of pacritinib in the U.S. for patients with myelofibrosis, to conduct additional research concerning the possible application of pacritinib in indications outside of myelofibrosis, to advance the commercialization of PIXUVRI and to support the development of tosedostat in registration-directed trials, as well as for general corporate purposes, which may include funding research and development, conducting preclinical and clinical trials, acquiring or in-licensing potential new pipeline candidates, preparing and filing possible new drug applications and general working capital. See Use of Proceeds.</p>
Market for the Series N-2	
Preferred Stock	<p>There is no established public trading market for the Series N-2 Preferred Stock, and we do not expect a market to develop. In addition, we do not intend to apply for listing the Series N-2 Preferred Stock on any securities exchange.</p>
Market for our common stock	<p>Our common stock is quoted on The NASDAQ Capital Market and on the MTA in Italy under the symbol CTIC. On December 3, 2015, the last reported sale price of our common stock on The NASDAQ Capital Market was \$1.17 per share.</p>

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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.

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RISK FACTORS

*In addition to the risks described below, you should carefully consider the information under the heading **Risk Factors** beginning on page 31 of our **Quarterly Report on Form 10-Q** for the fiscal quarter ended September 30, 2015, filed with the SEC on November 5, 2015, 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 N-2 Preferred Stock being offered in this offering.

There is no established public trading market for the Series N-2 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 N-2 Preferred Stock on any securities exchange. Without an active market, the liquidity of the Series N-2 Preferred Stock will be limited.

Purchasers who convert their shares of Series N-2 Preferred Stock into common stock will incur immediate dilution.

Upon conversion of your shares of Series N-2 Preferred Stock, you will experience immediate and substantial dilution because the per share conversion price of your shares of Series N-2 Preferred Stock will be higher than the net tangible book value per share of the outstanding common stock immediately after this offering. Based on the aggregate of _____ shares of the Series N-2 Preferred Stock sold (assuming they are then converted into _____ million 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, 2015 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 N-2 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 N-2 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 N-2 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 have not allocated specific amounts of the net proceeds from this offering for any specific purpose. We may use a portion of the net proceeds from this offering to fund possible investments in, or acquisitions of, complementary businesses, technologies or products. See Use of Proceeds. Our

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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.

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

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

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

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

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

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

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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 December 2, 2015, our stock price has ranged from a low of \$1.07 to a high of \$2.94. Fluctuations in the market price or liquidity of our common stock may harm the value of your investment in our common stock.

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

announcements by us or others of results of clinical trials and regulatory actions;

announcements by us or others of serious adverse events that have occurred during administration of our products to patients;

announcements by us or others relating to our ongoing development and commercialization activities;

announcements of technological innovations or new commercial therapeutic products by us, our collaborative partners or our present or potential competitors;

our issuance of debt or equity securities, which we expect to pursue to generate additional funds to operate our business, or any perception from time to time that we will issue such securities;

our quarterly operating results;

liquidity, cash position or financing needs;

developments or disputes concerning patent or other proprietary rights;

developments in relationships with collaborative partners;

acquisitions or divestitures;

our ability to realize the anticipated benefits of our compounds;

litigation and government proceedings;

adverse legislation, including changes in governmental regulation;

third-party reimbursement policies;

changes in securities analysts' recommendations;

short selling of our securities;

changes in health care policies and practices;

a failure to achieve previously announced goals and objectives as or when projected;

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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, under Washington law and in other applicable instruments could make removal of incumbent management or an acquisition of us, which may be beneficial to our shareholders, more difficult.

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

elimination of cumulative voting in the election of directors;

procedures for advance notification of shareholder nominations and proposals;

the ability of our board of directors to amend our bylaws without shareholder approval; and

the ability of our board of directors to issue shares of preferred stock without shareholder approval upon the terms and conditions and with the rights, privileges and preferences as our board of directors may determine.

Pursuant to our rights plan, an acquisition of 20% or more of our common stock by a person or group, subject to certain exceptions, could result in the exercisability of the preferred stock purchase right accompanying each share of our common stock (except those held by a 20% shareholder, which become null and void), thereby entitling the holder to receive upon exercise, in lieu of a number of units of preferred stock, that number of shares of our common stock having a market value of two times the exercise price of the right. The existence of our rights plan could have the effect of delaying, deterring or preventing a third party from making an acquisition proposal for us and may inhibit a change in control that some, or a majority, of our shareholders might believe to be in their best interest or that could give our shareholders the opportunity to realize a premium over the then-prevailing market prices for their shares. On December 1, 2015, our board of directors approved the amendment to our rights plan, which extended the expiration date of the rights plan from the close of business on December 3, 2015 to the close of business on December 2, 2018.

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

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

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering after deducting commissions and expenses will be approximately \$ million.

We plan to use the net proceeds from this offering to support the commercial launch of pacritinib in the U.S. for patients with myelofibrosis, to conduct additional research concerning the possible application of pacritinib in indications outside of myelofibrosis, to advance the commercialization of PIXUVRI and to support the development of tosedostat in registration-directed trials, as well as for general corporate purposes, which may include funding research and development, conducting preclinical and clinical trials, acquiring or in-licensing potential new pipeline candidates, preparing and filing possible new drug applications and general working capital.

The amounts and timing of the expenditures for general corporate purposes may vary significantly, depending on numerous factors, including the progress of our clinical trials and other development efforts, as well as the amount of cash used in our operations. Accordingly, our management will have broad discretion in the application of the net proceeds of this offering. We reserve the right to change the use of proceeds as a result of certain contingencies such as competitive developments and other factors. Pending the uses described above, we may temporarily invest the net proceeds of this offering in short- and medium-term interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

Table of Contents**DILUTION**

If you purchase shares of Series N-2 Preferred Stock in this offering, assuming the conversion of the shares of the Series N-2 Preferred Stock into shares of our common stock, your interest will be diluted to the extent of the difference between the conversion price of \$ _____ per share of our common stock, and the pro forma as adjusted net tangible book value per share of our common stock after this offering. We calculate net tangible book value per share by dividing the net tangible book value, tangible assets less total liabilities, by the number of outstanding shares of common stock.

Our net tangible book deficit as of September 30, 2015 was \$27.5 million, or \$(0.14) per share of common stock. After giving effect to the sale of _____ shares of Series N-2 Preferred Stock and the conversion of the Series N-2 Preferred Stock into _____ million shares of our common stock at the conversion price of \$ _____ per share, less the underwriting discounts and commissions and our estimated offering expenses, our as adjusted net tangible book value as of September 30, 2015 would have been approximately \$ _____ million, or approximately \$ _____ per share of common stock. This represents an immediate increase in the pro forma net tangible book value of \$ _____ per share to existing stockholders and an immediate dilution of \$ _____ per share to new investors purchasing shares of Series N-2 Preferred Stock in this offering at the public offering price. The following table illustrates this per share dilution:

Public offering price per share of Series N-2 Preferred Stock	\$ 1,000
Assumed per share conversion price per share of our common stock	\$
Net tangible book deficit per share of common stock as of September 30, 2015	\$ (0.14)
Increase in net tangible book value per share attributable to new investors in this offering	\$
As adjusted pro forma net tangible book value per share of common stock	\$

Dilution per share of common stock to new investors in this offering \$

The above discussion is based on 191,841,451 shares of our common stock outstanding as of September 30, 2015 and excludes (i) the shares of common stock issuable upon conversion of the shares of Series N-2 Preferred Stock being offered by us in this offering, (ii) an aggregate of 11,686,674 shares of our common stock issuable upon the exercise of options, warrants and rights outstanding as of September 30, 2015, and (iii) an aggregate of 40,000,000 shares of our common stock issued upon conversion of 50,000 shares of Series N-1 Preferred Stock, no par value per share, issued on October 30, 2015 in an underwritten public offering. To the extent the options, warrants or rights outstanding as of September 30, 2015 have been or are exercised, or other shares are issued, investors purchasing shares of Series N-2 Preferred Stock in this offering could experience further dilution. In addition, we may choose to raise additional capital due to market conditions or strategic considerations, even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our shareholders.

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DETERMINATION OF OFFERING PRICE

Prior to this offering, there was no public market for the Series N-2 Preferred Stock. The terms and conditions of the Series N-2 Preferred Stock, including the conversion price, were determined by negotiation between us and the underwriters. The principal factors considered in determining these terms and conditions include:

the market price of our common stock;

the information set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, and otherwise available to the underwriters;

our history and prospects and the history of, and prospects for, the industry in which we compete;

our past and present financial performance and an assessment of our management;

our prospects for future earnings and the present state of our development;

the general condition of the securities markets at the time of this offering;

the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and

other factors deemed relevant by the underwriters and us.

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RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth our ratio of earnings to combined fixed charges and preferred stock dividends for each of the periods indicated:

	NINE MONTHS					
	ENDED		YEAR ENDED			
	SEPTEMBER 30,	2014	2013	2012	2011	2010
Ratio of earnings to combined fixed charges and preferred stock dividends ⁽¹⁾	2015					

⁽¹⁾ Earnings were not sufficient to cover combined fixed charges and preferred stock dividends. Earnings consist of income (loss) before provision for income taxes plus fixed charges. Fixed charges consist of interest charges and that portion of rental payments under operating leases we believe to be representative of interest. Earnings for the nine months ended September 30, 2015 and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010, were insufficient to cover fixed charges and preferred stock dividends, by \$93.8, \$96.0, \$49.6, \$115.3, \$121.1 and \$147.6 (in millions), respectively. For this reason, no ratios are provided for these periods.

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DIVIDEND POLICY

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. We currently intend to retain all of our future earnings, if any, to finance operations. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects, contractual restrictions and other factors that our board of directors may deem relevant.

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DESCRIPTION OF THE SECURITIES WE ARE OFFERING

The material terms and provisions of the Series N-2 Preferred Stock being offered pursuant to this prospectus supplement and the accompanying prospectus are summarized below. This summary is subject to, and qualified in its entirety by, the rights, preferences and privileges of the Series N-2 Preferred Stock set forth in the articles of amendment to our articles of incorporation to be filed as an exhibit to our Current Report on Form 8-K, which we expect to file with the SEC in connection with this offering.

Description of Series N-2 Preferred Stock

Rank

The Series N-2 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 N-2 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 N-2 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 N-2 Preferred Stock ranks *pari passu* with our common stock with respect to dividends.

Dividends

Holders of Series N-2 Preferred Stock are entitled to receive dividends on shares of Series N-2 Preferred Stock equal (on an as if converted to common stock basis) to and in the same form as dividends actually paid on shares of our common stock or other junior securities. All declared but unpaid dividends on the Series N-2 Preferred Stock shall increase the stated value of the Series N-2 Preferred Stock, but when such dividends are actually paid such increase shall be rescinded.

Liquidation Preference

Upon our voluntary or involuntary dissolution, liquidation or winding up, each holder of the Series N-2 Preferred Stock will be entitled to receive a liquidation preference equal to the initial stated value of such holder's Series N-2 Preferred Stock of \$1,000 per share, plus any declared and unpaid dividends and any other payments that may be due on the shares, before any distribution of assets may be made to holders of capital stock ranking junior to the Series N-2 Preferred Stock. In the event that the amount available for payment of this liquidation preference is less than the full amount of the stated value of all shares of Series N-2 Preferred Stock then outstanding, the assets to be distributed to the holders of the Series N-2 Preferred Stock will be ratably distributed among such holders in accordance with the respective amounts that would be payable on such holder's shares if the liquidation preference was paid in full. A fundamental transaction (as defined below) or change of control transaction (as defined below) shall not be deemed a liquidation unless we expressly declare that such fundamental transaction or change of control transaction shall be treated as if it were a liquidation.

The term change of control transaction means, the occurrence, after the original issue date for of the Series N-2 Preferred Stock, any of the following:

an acquisition by an individual, legal entity or group (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of our capital stock, by contract or otherwise) of in excess of 33% of our voting securities (other than by means of conversion of shares of Series N-2 Preferred Stock);

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we merge into or consolidate with any other person, or any person merges into or consolidates with us and, after giving effect to such transaction, the our shareholders immediately before such transaction own less than 66% of our aggregate voting power or the successor entity of such transaction;

we sell or transfer all or substantially all of our assets to another person and our shareholders immediately before such transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction;

a replacement at one time or within a one-year period of more than one-half of the members of our board of directors which is not approved by a majority of those individuals who are members of the board of directors on the original issue date for the Series N-2 Preferred Stock (or by those individuals who are serving as members of the board of directors on any date whose nomination to the board of directors was approved by a majority of the members of the board of directors who are members on the original issue date for the Series N-2 Preferred Stock); or

our execution of an agreement to which we are a party or by which we are bound, providing for any of the events set forth in the foregoing clauses.

Conversion

Optional Conversion

The Series N-2 Preferred Stock shall be convertible at the option of the holders thereof at any time after issuance into the number of shares of common stock determined by dividing the aggregate stated value of the Series N-2 Preferred Stock being converted by the conversion price then in effect. The initial conversion price is \$ and is subject to adjustment as described below. No shares of Series N-2 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 19.99% of our common stock then outstanding, or the Beneficial Ownership Limitation. The amount of beneficial ownership of a holder and its affiliates will be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations of that section.

Conversion Procedures

If a holder's interest is held in book-entry form through the Depository, the holder must, in order to convert, (a) complete and manually sign the conversion notice attached as Annex A to this prospectus supplement, and deliver this irrevocable notice to Piper Jaffray & Co. if sent prior to the initial settlement date, or to the holder's custodian bank, if sent subsequent to the initial settlement date, and (b) comply with the Depository's procedures for converting a security held in book-entry form. The Depository Trust Company, or DTC, initially will act as Depository. If a holder's interest is in certificated form, a holder must do each of the following in order to convert:

complete and manually sign the conversion notice attached as Annex A to this prospectus supplement, and deliver this irrevocable notice to the conversion agent;

surrender the shares of Series N-2 Preferred Stock to the conversion agent;

if required, furnish appropriate endorsements and transfer documents;

if required, pay any stock transfer, documentary, stamp or similar taxes not payable by us; and

if required, pay funds equal to any declared and unpaid dividend payable on the next dividend payment date to which such holder is entitled.

The date on which a holder complies with the foregoing procedures is the conversion date.

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The conversion agent for the Series N-2 Preferred Stock is initially the transfer agent. A holder may obtain copies of the required form of the conversion notice from the conversion agent. The conversion agent will, on a holder's behalf, convert the Series N-2 Preferred Stock into shares of our common stock, in accordance with the terms of the notice delivered by us. A stock certificate or certificates representing the shares of common stock to be delivered in connection with the conversion, together with, if applicable, any payment of cash in lieu of fractional shares, will be delivered by us to the holder, or in the case of securities held in book-entry form, a book-entry transfer through the Depositary will be made by the conversion agent. Such delivery will be made as promptly as practicable, but in no event later than three business days following the conversion date.

The person or persons entitled to receive the shares of common stock issuable upon conversion of the Series N-2 Preferred Stock will be treated as the record holder(s) of such shares as of the close of business on the applicable conversion date. On the conversion date, all rights with respect to the shares of Series N-2 Preferred Stock so converted, including the rights, if any, to receive notices, will terminate, except only the rights of holders thereof to receive the number of whole shares of common stock into which such shares of Series N-2 Preferred Stock have been converted. Prior to the close of business on the applicable conversion date, the shares of common stock issuable upon conversion of the Series N-2 Preferred Stock will not be deemed to be outstanding for any purpose and you will have no rights with respect to the common stock, including voting rights by virtue of holding the Series N-2 Preferred Stock.

Automatic Conversion

On the first to occur of (i) the 30th day after the original issuance date of the Series N-2 Preferred Stock, (ii) the date on which 5,000 or less shares of Series N-2 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 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 N-2 Preferred Stock, except to the extent limited by the Beneficial Ownership Limitation, shall automatically convert into the number of shares of our common stock determined by dividing the aggregate stated value of the Series N-2 Preferred Stock being converted by the conversion price then in effect. Notwithstanding the Beneficial Ownership Limitation, any shares of Series N-2 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 or prior to the earlier of (i) the date on which the conversion of such shares of Series N-2 Preferred Stock would no longer be prohibited by the Beneficial Ownership Limitation and (ii) the 91st day after the original issuance date of the Series N-2 Preferred Stock.

Conversion Price Adjustment

Stock Dividends and Stock Splits. If we pay a stock dividend or otherwise make a distribution payable in shares of common stock on shares of common stock or any common stock equivalents, subdivide or combine our outstanding common stock, such as in a reverse stock split, or reclassify our common stock in such a way that we issue additional shares of our capital stock, the conversion price will be adjusted by multiplying the then-existing conversion price by a fraction, the numerator of which is the number of shares outstanding immediately before the distribution, dividend, adjustment or recapitalization and the denominator of which is the number of shares outstanding immediately after such action.

Rights Offerings. If we issue rights, options or warrants to holders of common stock giving such holders a right to subscribe for or purchase shares of common stock at a price per share lower than the volume weighted average price of the common stock on the record date for such issuance and do not offer the same rights to the holders of the Series N-2 Preferred Stock, the conversion price will be adjusted to reflect the rights offering by multiplying such conversion price by a fraction, the numerator of

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which is the number of shares outstanding before such record date plus the number of shares which the aggregate offering price (assuming full subscription) would purchase at the volume weighted average price of the common stock on such record date and the denominator of which is the number of shares of common stock outstanding on the record date plus the aggregate number of shares offered for subscription or purchase.

Pro Rata Distributions. If we distribute (other than as a dividend) evidences of our indebtedness, assets (including cash or cash dividends), warrants or other rights to subscribe for our securities (other than common stock) to the holders of common stock, then the conversion price will be adjusted by multiplying the conversion price in effect immediately prior to the record date for such distribution by a fraction, the numerator of which is the volume weighted average price of the common stock on such record date minus the fair market value at such record date of the distributed evidence of indebtedness, asset, warrant or other right applicable to one share of common stock, such fair market value to be determined by the board of directors in good faith, and the denominator of which is the volume weighted average price of the common stock on such record date.

Fundamental Transaction. If we effect a fundamental transaction (as defined below), then upon any future conversion of the Series N-2 Preferred Stock, the holders will have the right to receive, for each share of common stock they would have received upon such conversion, the same kind and amount of securities, cash or property as such holder would have been entitled to receive in the fundamental transaction had it been the holder of a share of common stock immediately prior to the fundamental transaction. The term fundamental transaction means any of the following:

a merger or consolidation of the Company with or into another entity in which the Company is not the surviving entity;

the sale of all or substantially all of our assets in one transaction or a series of related transactions (provided, however, that a fundamental transaction shall not include us entering into a license or other agreement that licenses any intellectual property to an unaffiliated and unrelated person so long as we and our subsidiaries continue to have bona fide, substantial and continuing business operations and activities after such license or other agreement is entered into);

any completed tender offer or exchange offer allowing holders of common stock to tender or exchange their shares for cash, property or securities, regardless of who makes such offer; or

any reclassification of common stock or any compulsory share exchange by which common stock is effectively converted into or exchanged for other securities, cash or property (but not a reverse stock split).

If the holders of common stock are given a choice as to the securities, cash or property to be received in a fundamental transaction, the holders of Series N-2 Preferred Stock will be given the same choice on conversion of such holder's shares.

Transfer Agent, Registrar and Conversion Agent

The transfer agent, registrar and conversion agent for our Series N-2 Preferred Stock is Computershare Trust Company, N.A.

Voting Rights

The Series N-2 Preferred Stock shall have no voting rights, except to the extent expressly provided in our articles of incorporation or as otherwise required by law. However, so long as at least 20% of the aggregate number of originally issued shares of Series N-2 Preferred Stock are outstanding, we cannot

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take any of the following actions without the affirmative consent of holders of a majority of the outstanding Series N-2 Preferred Stock:

amend our articles of incorporation, bylaws or other charter documents in each case so as to materially, specifically and adversely affect the rights of any holder with respect to the Series N-2 Preferred Stock;

repay, repurchase or offer to repay or repurchase or otherwise acquire any of our common stock, common stock equivalents or securities junior to the Series N-2 Preferred Stock, except the repurchase of up to 5,750,000 shares of common stock in any 12-month period from employees, officers, directors, consultants or others performing services for us or any of our subsidiaries under agreements approved by a majority of our board of directors or pursuant to which we have the option to repurchase such shares at cost or on the occurrence of certain events such as termination of employment;

authorize or create any class of senior preferred stock with respect to dividend rights or liquidation preference; or

enter into any agreement or understanding to take any of the actions listed above.

Miscellaneous

There are no restrictions on repurchase or redemption of the shares of Series N-2 Preferred Stock while there is any arrearage in dividends or sinking fund installments.

Form and Book-Entry System

The shares of Series N-2 Preferred Stock will initially be issued and maintained in the form of securities held in book-entry form. DTC or its nominee will be the sole registered holder of the shares of Series N-2 Preferred Stock. Owners of beneficial interests in the shares of Series N-2 Preferred Stock represented by the securities held in book-entry form through DTC will hold their securities pursuant to the procedures and practices of DTC. As a result, such securities will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants and any such securities may not be exchanged for certificated securities, except in limited circumstances. Owners of securities held in book-entry form through DTC must exercise any rights in respect of such securities, including any right to convert or require repurchase of their shares of Series N-2 Preferred Stock, in accordance with the procedures and practices of DTC. Owners of such securities will not be holders and will not be entitled to any rights provided to the holders of the shares of Series N-2 Preferred Stock under the securities or the articles supplementary thereto. We and any of our agents may treat DTC as the sole holder and registered owner of the securities held in book-entry form.

Any holder of shares of the Series N-2 Preferred Stock will have the right to request a certificate therefor and upon such request made in writing to Computershare Trust Company, N.A. for the shares of Series N-2 Preferred Stock, we will cause to be issued a duly executed certificate for such shares of Series N-2 Preferred Stock registered in the name in which the shares of Series N-2 Preferred Stock were held in book-entry form or such other name(s) as specified by the holder in writing. In addition, the shares of Series N-2 Preferred Stock held in book-entry form through DTC will be exchangeable for certificated securities with the same terms if:

DTC is unwilling or unable to continue as depositary or if DTC ceases to be a clearing agency registered under the Exchange Act and a successor depositary is not appointed by us within ninety (90) days; or

we decide to discontinue use of the system of book-entry transfer through DTC.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Uniform Commercial

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Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC facilitates the settlement of transactions amongst participants through electronic computerized book-entry changes in participants' accounts, eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, including the underwriters, banks, trust companies, clearing corporations and other organizations, some of whom and/or their representatives own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

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DESCRIPTION OF CAPITAL STOCK

This summary does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of our articles of incorporation, our bylaws and all applicable provisions of Washington law.

General

We are authorized to issue 315,000,000 shares of common stock, no par value, and 333,333 shares of preferred stock, no par value. As of September 30, 2015, there were 191,841,451 shares of common stock outstanding and no shares of preferred stock outstanding. Additionally, on October 30, 2015, we issued 40,000,000 shares of our common stock upon conversion of 50,000 shares of our Series N-1 Preferred Stock issued in an underwritten public offering. In addition, as of September 30, 2015, 23,401,146 shares of common stock were reserved for issuance under our equity compensation plans, 5,091,407 shares of common stock were reserved for issuance upon exercise of outstanding warrants, 1,980,162 shares of common stock were reserved for issuance under our employee stock purchase plan and 13 shares of common stock were reserved for issuance upon exercise of outstanding restricted share rights, as well as 19,185 shares of Series ZZ Junior Participating Cumulative Preferred Stock reserved for issuance pursuant to our shareholders' rights plan.

Common Stock

Each holder of common stock is generally entitled to one vote for each share held on all matters to be voted upon by the shareholders and there are no cumulative voting rights. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably the dividends, if any, that are declared from time to time by the board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share in our assets remaining after the payment of liabilities and the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock. Holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of Series N-2 Preferred Stock, as well as any other series of preferred stock that we may designate in the future.

General Description of Preferred Stock

Our board of directors has the authority, without action by the shareholders, to designate and issue preferred stock in one or more series and to designate the rights, preferences and privileges of each series, which may be greater than the rights of the common stock. It is not possible to state the actual effects of the issuance of any shares of preferred stock upon the rights of holders of the common stock until our board of directors determines the specific rights of the holders of the particular preferred stock. However, the effects could include, among other things:

restricting dividends on the common stock;

diluting the voting power of the common stock;

impairing the liquidation rights of the common stock; or

delaying or preventing a change in control of the Company without further action by the shareholders.

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Anti-Takeover Effects

Washington law contains certain provisions that may have the effect of delaying, deterring or preventing a change in control of the Company. Chapter 23B.19 of the Washington Business Corporation Act prohibits us, with certain exceptions, from engaging in certain significant business transactions with an acquiring person (defined generally as a person or group of persons who acquire 10% or more of our voting securities) for a period of five years following the acquiring person's share acquisition date. The prohibited transactions include, among others, a merger or consolidation with, disposition of assets to, or issuance or redemption of stock to or from, the acquiring person, or any other receipt by the acquiring person of a disproportionate benefit as a shareholder. Exceptions to this statutory prohibition include approval of the transaction at a shareholders meeting by holders of not less than two-thirds of the outstanding shares entitled to vote on the transaction, not counting shares as to which the acquiring person has beneficial ownership or voting control, transactions approved by the board of directors prior to the acquiring person first becoming an acquiring person or a merger, share exchange, consolidation, liquidation, distribution or certain other significant business transactions entered into with the acquiring person where certain requirements regarding the fairness of the consideration to be received by the shareholders have been met. We may not exempt ourselves from coverage of this statute. These statutory provisions may have the effect of delaying, deterring or preventing a change in control of the Company.

On May 22, 2014, our shareholders voted to declassify our board of directors over the next two years, and, as such, our board of directors will be fully declassified following our 2016 annual meeting of shareholders. Our bylaws provide that, in any election of directors, those candidates receiving the largest number of votes cast by the shares entitled to vote in the election, up to the number of directors to be elected by such shares, will be elected to our board of directors. Our bylaws also provide that any vacancy in our board of directors may be filled only by the affirmative vote of a majority of directors then in office, though less than a quorum. Further, our bylaws require a shareholder to provide notice to us of such shareholder's intention to nominate a person or persons for election as directors not later than 90 days prior to the first anniversary of the previous year's annual meeting or, in the case of an election to be held at a special meeting of the shareholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to shareholders. A shareholder must also provide us with notice of such shareholder's intent to make any proposal at an annual meeting of shareholders not later than 90 days prior to the first anniversary of the previous year's annual meeting of shareholders. These provisions may have the effect of deterring hostile takeovers or delaying a change in control of our management.

Under our rights plan with Computershare Trust Company, N.A., as rights agent, dated as of December 28, 2009 and amended on August 31 and December 3, 2012, preferred stock purchase rights are attached to, and trade with, all of the shares of common stock outstanding as of, and issued subsequent to, the record date (as defined in the rights plan). Each right, if and when it becomes exercisable, will entitle the holder to purchase one ten-thousandth of a share of Series ZZ Junior Participating Cumulative Preferred Stock for \$8.00, subject to standard adjustment in the rights plan. Upon the acquisition of 20% or more of our common stock by a person or group, subject to certain exceptions (such acquisition referred to herein as a 20% acquisition), the rights will become exercisable for our preferred stock, except for those rights held by such 20% acquirer, which will become null and void. Upon a 20% acquisition, the holder of an exercisable right will be entitled to receive, upon exercise, in lieu of preferred stock, that number of shares of common stock, or in certain circumstances, including if there are insufficient shares of common stock to permit the exercise in full of the rights, preferred stock, other securities, cash, property or a reduction in the exercise price of the rights, or any combination of the foregoing, having a market value of two times the exercise price of the right.

If we are acquired in a merger, consolidation or certain other business combination transactions after a 20% acquisition, each holder of an exercisable right would then have the right to receive, upon exercise,

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common stock of the acquiring company having a market value equal to two times the exercise price of the right.

Our board of directors may redeem the rights for \$0.0001 per right or amend the rights plan at any time prior to a 20% acquisition or the expiration of the rights plan. The rights plan will expire on December 2, 2018, unless the rights are previously redeemed or exchanged by us.

Other existing provisions applicable to us that could have an anti-takeover effect include our executive employment agreements and certain provisions of our outstanding equity-based compensatory awards that allow for acceleration of vesting in the event of a change in control.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Listing

Our shares of common stock trade on The NASDAQ Capital Market and the MTA in Italy under the symbol CTIC.

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UNDERWRITING

We are offering the shares of Series N-2 Preferred Stock described in this prospectus supplement through Piper Jaffray & Co. as the sole book-running manager of this offering. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and the underwriters have agreed to purchase from us, the number of shares of Series N-2 Preferred Stock shown opposite each underwriter's name below.

UNDERWRITERS	NUMBER OF SHARES OF SERIES N-2 PREFERRED STOCK
Piper Jaffray & Co	
Ladenburg Thalmann & Co. Inc.	
Roth Capital Partners, LLC.	

Total

The underwriters are committed to purchase all the shares of Series N-2 Preferred Stock offered by us if they purchase any shares.

The underwriters have advised us that they propose to offer the shares of Series N-2 Preferred Stock directly to the public at the public offering prices set forth on the cover page of this prospectus supplement and to certain dealers at the same prices less a concession not in excess of \$ per share of Series N-2 Preferred Stock. After the offering, these figures may be changed by the underwriters.

Certain affiliates of BVF Partners L.P., an existing shareholder, have indicated an interest in purchasing approximately 25,641 shares of Series N-2 Preferred Stock in this offering (based on the closing price of our common stock of \$1.17 on The NASDAQ Capital Market on December 3, 2015) at the public offering price. Because this indication of interest is not a binding agreement or a commitment to purchase, these entities may elect not to purchase shares of Series N-2 Preferred Stock in this offering or the underwriters may elect not to sell any of such shares in this offering to such entities. We have also agreed to reimburse BVF Partners for up to \$25,000 of its legal fees and expenses incurred in connection with this offering.

The Series N-2 Preferred Stock will constitute a new class of securities with no established trading market. The underwriters have advised us that they do not intend to make a market in the Series N-2 Preferred Stock. One or more of the underwriters, or other broker-dealers, may make a market in our common stock, but they are not obligated to do so. Any such market-making activities may be discontinued at any time without notice.

Accordingly, there will be little, if any, trading market liquidity for the Series N-2 Preferred Stock, which would make it difficult or impossible to sell at an attractive price or at all. Moreover, no assurance can be given as to the liquidity for the common stock issuable upon conversion of the Series N-2 Preferred Stock, that you will be able to sell any of our common stock held by you at any particular time or that the prices that you receive when you sell will be favorable.

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The underwriting fee per share of Series N-2 Preferred Stock is equal to the public offering price per share of Series N-2 Preferred Stock, less the amount paid by the underwriters to us per share of Series N-2 Preferred Stock. The following table shows the per share underwriting discounts and commissions and the total underwriting discounts and commissions to be paid to the underwriters in connection with this offering.

	PER SHARE OF SERIES N-2 PREFERRED STOCK⁽¹⁾	TOTAL
Public offering price	\$	\$
Underwriting discounts and commissions paid by us	\$	\$
Proceeds to us, before expenses	\$	\$

⁽¹⁾ Excludes shares of common stock issuable upon conversion of the Series N-2 Preferred Stock offered hereby.

We estimate that the total fees and expenses payable by us, excluding underwriting discounts and commissions, will be approximately \$ million. Pursuant to the terms of the underwriting agreement, we have also agreed to reimburse the underwriters for expenses, including reasonable fees and disbursements of counsel, relating to this offering of up to \$100,000, which amount is included in the above total and shall not be increased without our prior written consent. In accordance with FINRA Rule 5110, these reimbursed fees and expenses are deemed underwriting compensation for this offering.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

We and each of our directors and executive officers have agreed, subject to specified exceptions, not to directly or indirectly:

sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, lend, or establish an open put equivalent position within the meaning of Rule 16a-1(h) under the Exchange Act with respect to, any of our preferred stock, common stock, options or warrants to acquire common stock, or securities exchangeable or exercisable for or convertible into our common stock;

otherwise dispose of any such securities; or

publicly announce an intention to do any of the foregoing for a period of 90 days after the date of this prospectus supplement without the prior written consent of Piper Jaffray & Co.

The lock-up agreements do not prohibit us from issuing shares upon the exercise or conversion of securities outstanding on the date of this prospectus supplement. The lock-up provisions do not prevent us from selling shares to the underwriters pursuant to the underwriting agreement, or prevent us from granting common stock or options to acquire securities under our existing equity compensation plans or issuing shares upon the exercise or conversion of securities outstanding on the date of this prospectus supplement.

This restriction terminates after the close of trading of our common stock on and including the 90th day after the date of this prospectus supplement. However, Piper Jaffray & Co. may, in its sole discretion and at any time or from time to time before the termination of the 90-day period, without public notice, waive any of the above restrictions.

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In connection with this offering, Piper Jaffray & Co., as the representative of the underwriters for our offering of Series N-1 Preferred Stock in October 2015, has granted us a waiver from our obligations under lock-up restrictions entered into in connection with the October 2015 offering.

The Series N-2 Preferred Stock will not be listed on any securities exchange or included in any quotation system. Our common stock is quoted on The NASDAQ Capital Market and on the MTA in Italy under the symbol CTIC.

This prospectus supplement in electronic format may be made available on websites maintained by the underwriters, and the underwriters may distribute the prospectus supplement electronically.

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NOTICE TO INVESTORS

Canada

(A) Resale Restrictions

The distribution of shares of Series N-2 Preferred Stock in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of these securities are made. Any resale of the shares of Series N-2 Preferred Stock in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

(B) Representations of Canadian Purchasers

By purchasing shares of Series N-2 Preferred Stock in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that: