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The Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

IN RE CTI BIOPHARMA CORP.  
SECURITIES LITIGATION

Case No. 2:16-cv-00216-RSL

**CLASS ACTION**

**JUDGMENT APPROVING CLASS ACTION SETTLEMENT**

1 WHEREAS, a consolidated class action is pending in this Court entitled *In re CTI*  
2 *BioPharma Corp. Securities Litigation*, Case No. 2:16-cv-00216-RSL (the “Action”);

3 WHEREAS, (a) DAFNA LifeScience, LP and DAFNA LifeScience Select, LP  
4 (“DAFNA” or “Lead Plaintiff”), on behalf of itself and the Settlement Class (defined below); (b)  
5 defendant CTI BioPharma Corp. (“CTI” or the “Company”); (c) defendants James A. Bianco,  
6 Louis A. Bianco, Jack W. Singer, Frederick W. Telling, Reed V. Tuckson, Phillip M. Nudelman,  
7 John H. Bauer, Karen Ignagni, Richard L. Love, and Mary O. Munding (collectively, the  
8 “Individual Defendants” and, together with CTI, the “CTI Defendants”); and (d) defendants  
9 Piper Jaffray & Co., Landenburg Thalman & Co. Inc., Roth Capital Partners, LLC, and  
10 National Securities Corporation (collectively, the “Underwriter Defendants,” and, together with  
11 the CTI Defendants, the “Defendants”), collectively, the “Parties,” have entered into a  
12 Stipulation and Agreement of Settlement dated September 15, 2017 (the “Stipulation”), that  
13 provides for a complete dismissal with prejudice of the claims asserted against Defendants in the  
14 Action on the terms and conditions set forth in the Stipulation, subject to the approval of this  
15 Court (the “Settlement”);

16 WHEREAS, unless otherwise defined in this Judgment, the capitalized terms herein shall  
17 have the same meaning as they have in the Stipulation;

18 WHEREAS, by Order dated October 24, 2017 (the “Preliminary Approval Order”), this  
19 Court: (a) preliminarily approved the Settlement; (b) certified the Settlement Class solely for  
20 purposes of effectuating the Settlement; (c) ordered that notice of the proposed Settlement be  
21 provided to potential Settlement Class Members; (d) provided Settlement Class Members with  
22 the opportunity either to exclude themselves from the Settlement Class or to object to the  
23 proposed Settlement; and (e) scheduled a hearing regarding final approval of the Settlement;

24 WHEREAS, due and adequate notice has been given to the Settlement Class;

25 WHEREAS, the Court conducted a hearing on February 1, 2018 (the “Settlement  
26 Hearing”) to consider, among other things, (a) whether the terms and conditions of the

1 Settlement are fair, reasonable and adequate to the Settlement Class, and should therefore be  
2 approved; and (b) whether a judgment should be entered dismissing the Action with prejudice as  
3 against the Defendants; and

4 WHEREAS, the Court having reviewed and considered the Stipulation, all papers filed  
5 and proceedings held herein in connection with the Settlement, all oral and written comments  
6 received regarding the Settlement, and the record in the Action, and good cause appearing  
7 therefor;

8 IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

9 1. **Jurisdiction** – The Court has jurisdiction over the subject matter of the Action,  
10 and all matters relating to the Settlement, as well as personal jurisdiction over all of the Parties  
11 and each of the Settlement Class Members.

12 2. **Incorporation of Settlement Documents** – This Judgment incorporates and  
13 makes a part hereof: (a) the Stipulation filed with the Court on September 18, 2017; and (b) the  
14 Notice and the Summary Notice, both of which were filed with the Court on December 28, 2017.

15 3. **Class Certification for Settlement Purposes** – The Court hereby affirms its  
16 determinations in the Preliminary Approval Order certifying, for the purposes of the Settlement  
17 only, the Action as a class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil  
18 Procedure on behalf of the Settlement Class consisting of all persons and entities who purchased  
19 or otherwise acquired CTI Securities during the period from March 9, 2015 through February 9,  
20 2016, inclusive (the “Class Period”), and were damaged thereby.<sup>1</sup> Excluded from the Settlement  
21 Class are (a) Defendants; (b) the Officers and directors of CTI during the Class Period (the  
22 “Excluded Officers and Directors”); (c) the Immediate Family Members of the Individual  
23 Defendants and Excluded Officers and Directors; (d) any entity in which any Defendant, any  
24

25 <sup>1</sup> “CTI Securities” means (i) CTI common stock; (ii) CTI Series N-1 Preferred Stock; and/or (iii)  
26 CTI Series N-2 Preferred Stock, but does not include any securities that traded on an exchange  
outside the United States.

1 Excluded Officer or Director, or any of their respective Immediate Family Members had during  
2 the Class Period and/or has a controlling interest; (e) Defendants' liability insurance carriers;  
3 (f) any affiliates, parents, or subsidiaries of CTI; (g) all CTI plans that are covered by ERISA;  
4 and (h) the legal representatives, heirs, agents, affiliates, successors-in-interest, or assigns of any  
5 excluded person or entity, in their respective capacity as such. Also excluded from the  
6 Settlement Class is the person listed on Exhibit 1 hereto who is excluded from the Settlement  
7 Class pursuant to request.

8 4. **Adequacy of Representation** – Pursuant to Rule 23 of the Federal Rules of Civil  
9 Procedure, and for the purposes of the Settlement only, the Court hereby affirms its  
10 determinations in the Preliminary Approval Order certifying Plaintiffs as Class Representatives  
11 for the Settlement Class and appointing Lead Counsel as Class Counsel for the Settlement Class.  
12 Plaintiffs and Lead Counsel have fairly and adequately represented the Settlement Class both in  
13 terms of litigating the Action and for purposes of entering into and implementing the Settlement  
14 and have satisfied the requirements of Federal Rules of Civil Procedure 23(a)(4) and 23(g),  
15 respectively.

16 5. **Notice** – The Court finds that the dissemination of the Notice and the publication  
17 of the Summary Notice: (a) were implemented in accordance with the Preliminary Approval  
18 Order; (b) constituted the best notice practicable under the circumstances; (c) constituted notice  
19 that was reasonably calculated, under the circumstances, to apprise Settlement Class Members of  
20 (i) the pendency of the Action; (ii) the effect of the proposed Settlement (including the Releases  
21 to be provided thereunder); (iii) Lead Counsel's motion for an award of attorneys' fees and  
22 reimbursement of Litigation Expenses; (iv) their right to object to any aspect of the Settlement,  
23 the Plan of Allocation and/or Lead Counsel's motion for attorneys' fees and reimbursement of  
24 Litigation Expenses; (v) their right to exclude themselves from the Settlement Class; and (vi)  
25 their right to appear at the Settlement Hearing; (d) constituted due, adequate, and sufficient  
26 notice to all persons and entities entitled to receive notice of the proposed Settlement; and (e)

1 satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States  
2 Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of  
3 1995, 15 U.S.C. §§ 77z-1, 78u-4, as amended, and all other applicable law and rules.

4 6. **Final Settlement Approval and Dismissal of Claims** – Pursuant to, and in  
5 accordance with, Rule 23 of the Federal Rules of Civil Procedure, this Court hereby fully and  
6 finally approves the Settlement set forth in the Stipulation in all respects (including, without  
7 limitation: the amount of the Settlement; the Releases provided for therein; and the dismissal  
8 with prejudice of the claims asserted against Defendants in the Action), and finds that the  
9 Settlement is, in all respects, fair, reasonable, and adequate to the Settlement Class. The Parties  
10 are directed to implement, perform, and consummate the Settlement in accordance with the terms  
11 and provisions contained in the Stipulation.

12 7. The Action and all of the claims asserted against Defendants in the Action by  
13 Lead Plaintiff and the other Settlement Class Members are hereby dismissed with prejudice. The  
14 Parties shall bear their own costs and expenses, except as otherwise expressly provided in the  
15 Stipulation.

16 8. **Binding Effect** – The terms of the Stipulation and of this Judgment shall be  
17 forever binding on Defendants, Lead Plaintiff, and all other Settlement Class Members  
18 (regardless of whether or not any individual Settlement Class Member submits a Claim Form or  
19 seeks or obtains a distribution from the Net Settlement Fund), as well as their respective  
20 successors and assigns. The person listed on Exhibit 1 hereto is excluded from the Settlement  
21 Class pursuant to request and is not bound by the terms of the Stipulation or this Judgment.

22 9. **Releases** – The Releases set forth in paragraphs 5 and 6 of the Stipulation,  
23 together with the definitions contained in paragraph 1 of the Stipulation relating thereto, are  
24 expressly incorporated herein in all respects. The Releases are effective as of the Effective Date.  
25 Accordingly, this Court orders that:

1 (a) Without further action by anyone, and subject to paragraph 10 below,  
2 upon the Effective Date of the Settlement, Lead Plaintiff and each of the other Settlement Class  
3 Members, on behalf of themselves, and their respective heirs, executors, administrators,  
4 predecessors, successors, and assigns, in their capacities as such, shall be deemed to have, and by  
5 operation of law and of this Judgment shall have, fully, finally, and forever compromised,  
6 settled, released, resolved, relinquished, waived, and discharged each and every Released  
7 Plaintiffs' Claim against the Defendants and the other Defendants' Releasees, and shall forever  
8 be enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the  
9 Defendants' Releasees.

10 (b) Without further action by anyone, and subject to paragraph 10 below,  
11 upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their  
12 respective heirs, executors, administrators, predecessors, successors, and assigns, in their  
13 capacities as such, shall be deemed to have, and by operation of law and of this Judgment shall  
14 have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived,  
15 and discharged each and every Released Defendants' Claim against Lead Plaintiff and the other  
16 Plaintiffs' Releasees, and shall forever be enjoined from prosecuting any or all of the Released  
17 Defendants' Claims against any of the Plaintiffs' Releasees. This Release shall not apply to the  
18 person listed on Exhibit 1 hereto.

19 10. Notwithstanding paragraphs 9(a) – (b) above, nothing in this Judgment shall bar  
20 any action by any of the Parties to enforce or effectuate the terms of the Stipulation or this  
21 Judgment.

22 11. **Rule 11 Findings** – The Court finds and concludes that the Parties and their  
23 respective counsel have complied in all respects with the requirements of Rule 11 of the Federal  
24 Rules of Civil Procedure in connection with the institution, prosecution, defense, and settlement  
25 of the Action.

1           12.    **No Admissions** – Neither this Judgment, the Term Sheet, the Stipulation (whether  
2 or not consummated), including the exhibits thereto and the Plan of Allocation contained therein  
3 (or any other plan of allocation that may be approved by the Court), the negotiations leading to  
4 the execution of the Term Sheet and the Stipulation, nor any proceedings taken pursuant to or in  
5 connection with the Term Sheet, the Stipulation and/or approval of the Settlement (including any  
6 arguments proffered in connection therewith):

7                   (a)    shall be offered against any of the Defendants’ Releasees as evidence of,  
8 or construed as, or deemed to be evidence of any presumption, concession, or admission by any  
9 of the Defendants’ Releasees with respect to the truth of any fact alleged by Lead Plaintiff or the  
10 validity of any claim that was or could have been asserted or the deficiency of any defense that  
11 has been or could have been asserted in this Action or in any other litigation, arbitration, or  
12 proceeding, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the  
13 Defendants’ Releasees or in any way referred to for any other reason as against any of the  
14 Defendants’ Releasees, in any arbitration or civil, criminal, or administrative action or  
15 proceeding, other than such proceedings as may be necessary to effectuate the provisions of the  
16 Stipulation;

17                   (b)    shall be offered against any of the Plaintiffs’ Releasees, as evidence of, or  
18 construed as, or deemed to be evidence of any presumption, concession, or admission by any of  
19 the Plaintiffs’ Releasees that any of their claims are without merit, that any of the Defendants’  
20 Releasees had meritorious defenses, or that damages recoverable under the Complaint would not  
21 have exceeded the Settlement Amount or with respect to any liability, negligence, fault, or  
22 wrongdoing of any kind, or in any way referred to for any other reason as against any of the  
23 Plaintiffs’ Releasees, in any arbitration or civil, criminal, or administrative action or proceeding,  
24 other than such proceedings as may be necessary to effectuate the provisions of the Stipulation;

25 or

1 (c) shall be construed against any of the Releasees as an admission,  
2 concession, or presumption that the consideration to be given under the Settlement represents the  
3 amount which could be or would have been recovered after trial;  
4 provided, however, that the Parties and the Releasees and their respective counsel may refer to  
5 this Judgment and the Stipulation to effectuate the protections from liability granted hereunder  
6 and thereunder or otherwise to enforce the terms of the Settlement.

7 13. **Retention of Jurisdiction** – Without affecting the finality of this Judgment in any  
8 way, this Court retains continuing and exclusive jurisdiction over: (a) the Parties for purposes of  
9 the administration, interpretation, implementation, and enforcement of the Settlement; (b) the  
10 disposition of the Settlement Fund; (c) any motion for an award of attorneys’ fees and/or  
11 Litigation Expenses by Lead Counsel in the Action that will be paid from the Settlement Fund;  
12 (d) any motion to approve the Plan of Allocation; (e) any motion to approve the Class  
13 Distribution Order; and (f) the Settlement Class Members for all matters relating to the Action.

14 14. Separate orders shall be entered regarding approval of a plan of allocation and the  
15 motion of Lead Counsel for an award of attorneys’ fees and reimbursement of Litigation  
16 Expenses. Such orders shall in no way affect or delay the finality of this Judgment and shall not  
17 affect or delay the Effective Date of the Settlement.

18 15. **Modification of the Agreement of Settlement** – Without further approval from  
19 the Court, Lead Plaintiff and Defendants are hereby authorized to agree to and adopt such  
20 amendments or modifications of the Stipulation or any exhibits attached thereto to effectuate the  
21 Settlement that: (a) are not materially inconsistent with this Judgment; and (b) do not materially  
22 limit the rights of Settlement Class Members in connection with the Settlement. Without further  
23 order of the Court, Lead Plaintiff and Defendants may agree to reasonable extensions of time to  
24 carry out any provisions of the Settlement.

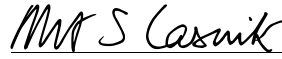
25 16. **Termination of Settlement** – If the Settlement is terminated as provided in the  
26 Stipulation or the Effective Date of the Settlement otherwise fails to occur, this Judgment shall



1 be vacated, rendered null and void, and be of no further force and effect, except as otherwise  
2 provided by the Stipulation, and this Judgment shall be without prejudice to the rights of Lead  
3 Plaintiff, the other Settlement Class Members, or Defendants, and the Parties shall revert to their  
4 respective positions in the Action as of August 3, 2017, as provided in the Stipulation.

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6 17. **Entry of Final Judgment** – There is no just reason to delay the entry of this  
7 Judgment as a final judgment in this Action. Accordingly, the Clerk of the Court is expressly  
8 directed to immediately enter this final judgment in this Action.

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10 Dated this 1st day of February, 2018.

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12 Robert S. Lasnik  
13 United States District Judge  
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