

CELL THERAPEUTICS INC  
Form 425  
June 20, 2003

Filed by Cell Therapeutics, Inc.  
Pursuant to Rule 425 under the Securities Act of 1933  
And deemed filed pursuant to Rule 14a-12  
Of the Securities and Exchange Act of 1934  
Subject Company: Cell Therapeutics, Inc.  
Commission File No: 001-12465

The following slides are excerpts from a presentation given by Cell Therapeutics, Inc. ( CTI ) at its annual meeting of shareholders, held on June 20, 2003, and relate to the proposed business combination between CTI and Novuspharma S.p.A.

## Forward Looking Statement

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The forward-looking statements contained in this presentation include statements about future financial and operating results, the proposed CTI/Novuspharma merger, and risk and uncertainties that could affect CTI's product and products under development. These statements are not guarantees of future performance, involve certain risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Therefore, actual outcomes and results may differ materially from what is expressed herein. For example, if either of the companies do not receive required stockholder approvals or fail to satisfy other conditions to closing, the transaction will not be consummated. In any forward-looking statement in which CTI expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished. The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: risks associated with preclinical, clinical and sales and marketing developments in the biopharmaceutical industry in general and in particular including, without limitation, the potential failure to meet TRISENOX® revenue goals, the potential failure of XYOTAX to prove safe and effective for treatment of non-small cell lung and ovarian cancers, the potential failure of TRISENOX® to continue to be safe and effective for cancer patients, determinations by regulatory, patent and administrative governmental authorities, competitive factors, technological developments, costs of developing, producing and selling TRISENOX® and CTI's products under development in addition to the risk that the CTI and Novuspharma businesses will not be integrated successfully; costs related to the proposed merger, failure of the CTI or Novuspharma stockholders to approve the proposed merger; and other economic, business, competitive, and/or regulatory factors affecting CTI's and Novuspharma's businesses generally, including those set forth in CTI's filings with the SEC, including its Annual Report on Form 10-K for its most recent fiscal year and its most recent Quarterly Report on Form 10-Q, especially in the Factors Affecting Our Operating Results and Management's Discussion and Analysis of Financial Condition and Results of Operations sections, and its Current Reports on Form 8-K. CTI is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

## Where You Can Find Additional Information

Cell Therapeutics, Inc. (CTI) will file a proxy statement/prospectus and other documents concerning the proposed merger transaction with the Securities and Exchange Commission (SEC). Investors and security holders are urged to read the proxy statement/prospectus when it becomes available and other relevant documents filed with the SEC because they will contain important information. Security holders may obtain a free copy of the proxy statement/prospects (when it is available) and other documents filed by CTI with the SEC at the SEC's website at <http://www.sec.gov>. The proxy statement/prospectus and these other documents may also be obtained for free from CTI, Investor Relations: 501 Elliott Avenue West, Suite 400 Seattle, WA 98119, [www.cticseattle.com](http://www.cticseattle.com).

CTI and Novuspharma S.p.A. and their respective directors and executive officers and other members of their management and their employees may be deemed to be participants in the solicitation of proxies from the shareholders of CTI and Novuspharma with respect to the transactions contemplated by the merger agreement. Information about the directors and officers of CTI is included in CTI's Proxy Statement for its 2003 Annual Meeting of Stockholders filed with the SEC on May 14, 2003.

This document is available free of charge at the SEC's website at <http://www.sec.gov> and from CTI.

## Oncology Strategy

Improve the safety and efficacy of existing agents which provide the cornerstone for standard of care

Taxanes (>\$2B)

Camptothecins (>\$1B)

Anthracyclines (>\$500M)

XYOTAX

CT-2106

Pixantrone

Develop new agents with unique mechanisms of tumor cell killing without more side effects

TRISENOX®

LPAAT-β inhibitors

Develop significant sales and marketing presence in cancer market segments where leverage is possible

Blood-related cancer market

Consider co-marketing relationship where size matters

Solid tumor indications

## Commercial Synergies

### Key Products

TRISENOX®

Pixantrone

XYOTAX

CT-2106

### Hematology

APL, CML, MDS,  
Multiple myeloma

Aggressive NHL  
Indolent NHL

### Solid Tumors

Breast cancer  
Prostate cancer

NSC lung cancer  
Ovarian cancer

Colorectal cancer  
Small cell lung cancer

## Hematology

### *Commercial opportunity*

	<u>2002 Incidence</u>	<u>2002 Prevalence</u>
Total Hematologic	94,850	423,564
TRISENOX®		
APL	1,050	2,535
Myelodysplastic Syndromes	15,200	35,562
Multiple Myeloma	14,600	49,542
Pixantrone		
AML	10,600	18,980
Indolent NHL	24,030	142,625
Aggressive NHL	29,370	174,320

## Selected Companies Focused on Hematology Market

<u>Company</u>	<u>Key Products</u>	<u>Market Cap</u>
Genentech	Rituxan®	\$38 B
Berlex*	Campath®, Fludara®, Leukine®	\$10 B
Idec	Zevalin®, Rituxan®	\$6.3 B
Millennium	Velcade	\$4.7 B
Celgene	Thalomid®, Revimid	\$2.7 B
CTI	TRISENOX®, Pixantrone	\$ 518 M <sup>1</sup>

\*Schering AG  
<sup>1</sup> ProForma market cap

## Oncology

### *Commercial opportunity*

	<u>2002 Incidence</u>	<u>2002 Prevalence</u>
Total Oncologic	516,144	3,132,334
XYOTAX		
Advanced NSC lung	137,600	162,352
Ovarian	25,400	145,831
CT-2106		
Small cell lung	34,380	57,983
Colorectal	147,500	930,083
Pixantrone		
Breast	212,600	1,836,085

## Companies Focused on Oncology- Chemotherapy Market

<u>Company</u>	<u>Key Products</u>	<u>Market Cap</u>
Pfizer	Camptosar®	\$285 B
Glaxo Smith Kline	Hycamtin®, Navelbine®	\$77 B
Novartis	Femara , Aredia®, Gleevec , Sandostatin®, Zometa	\$156 B
Astra-Zeneca	Arimidex®, Casodex®, Faslodex®, IRESSA®, Nolvadex®, Zoladex®	\$78 B
Eli Lilly	Gemzar®	\$78 B
Bristol Myers	Taxol®, Ifex®, Paraplatin®	\$56 B
Aventis	Taxotere®, Campto®, Genasense	\$42 B
CTI	XTOTAX , Pixantrone	\$348 M

## CTI-Novuspharma Merger

*Immediate realizable synergies*

Pixantrone: commercially attractive phase III product

May qualify for FDA fast track

Potential NDA 2005, market launch 2006

US sales could reach \$150M+

Financially attractive

\$120M in cash

\$18-\$20M in cost savings

Significant operating synergies

Critical mass in global oncology drug development

Increases commercial capabilities and sales potential in EU for expanded TRISENOX® label

## Strong Financial Position

Pro-forma end Q1 cash position \$306 million  
\$111M cash Q1-2003  
\$120M Novuspharma cash Q1-2003  
\$75M convertible offering\*  
Exchange offer 12/02 retired \$60M convertible debt

Merger offers potential for cost synergies  
\$18M to \$20M savings in 2004

TRISENOX® U.S. business becoming profitable  
Allows ability to grow TRISENOX® sales in EU with new  
indication (MDS)

Creates critical mass in cancer drug development and  
commercialization

\* Gross proceeds

## Commercial Growth

TRISENOX®  
APL label, > 40 trials

TRISENOX®  
Potential MDS label

TRISENOX®  
Potential myeloma label

XYOTAX  
Phase III trials

XYOTAX  
Potential NDA

XYOTAX  
Potential NSCLC label

Pixantrone  
Phase III trials

Pixantrone  
Potential NDA

Pixantrone  
Potential aggressive NHL  
label

## Oncology Pipeline

	Preclinical	Phase I	Phase II	Phase III	NDA	Marketed
TRISENOX®	Approved for relapsed or refractory acute promyelocytic leukemia (APL)					
	Multiple myeloma, myelodysplasia, myelogenous leukemia and other cancers					
XYOTAX	Non-small cell lung and ovarian cancers					
Pixantrone	Non-Hodgkin's lymphoma					
CT-2106	Advanced solid tumors					
LPAAT-β inhibitors						

## Pixantrone

*(from Novuspharma merger)*

New DNA intercalator with  
improved efficacy and safety

Now in phase III for NHL

## DNA Intercalators

### Established efficacy

- Cornerstone of chemotherapy for breast cancer, leukemias, and lymphomas
- Standard treatment in blood-borne tumors    curative
- Breast cancer    highly effective as adjuvant and frontline therapy
- Only therapy for advanced forms of multiple sclerosis

### However    problems with cardiotoxicity

- Irreversible damage to heart muscle
- Maximum cumulative dose in patient's lifetime
- Prevents use as repeat therapy

## DNA Intercalators

*with improved efficacy and safety*

### Novuspharma's approach

Alter chemical groups responsible for free-radical production and cardiac toxicity

### Target markets

Unmet clinical need in second-line therapy (NHL)  
Replace current DNA intercalators as safer treatment in first-line

## Pixantrone

	<u>Doxorubicin</u>	<u>Mitoxantrone</u>	<u>Pixantrone</u>
Efficacy in hematology	+++	++	++++
Efficacy in solid tumors	++/+++	++	++
Safety (esp. cardiac)	+	++	++++

Superior anti-tumor activity in P388 and L1210 murine leukemias vs. Dx and Mitox

Curative in YC-8 murine lymphoma

Wide therapeutic window effective from 1/3 of MTD

Synergism with Cisplatin and Rituxan

Effect of pixantrone and mitoxantrone (MITOX) on survival in the YC-8 lymphoma model (iv/iv + 1,5,9)

## Pixantrone

*Experimental cardiotoxicity*

## Pixantrone

### *Target product profile*

#### Superior safety

- Cardiac toxicity profile superior to existing agents
- Not toxic to tissues, eliminates need for central line
- Less severe nausea and vomiting

#### Impressive efficacy

- Long lasting complete remissions in heavily treated NHL patients
- As single agent or in combination with chemotherapy

#### Potential to be used where other anthracyclines cannot

- Breast cancer in combination with Herceptin
- Breast cancer salvage after prior anthracycline therapy
- Late-stage lymphomas

## Pixantrone

### Extensive clinical trial experience

- >170 patients
- 7 phase I, II trials

### Initial market entry into area of high unmet need

- 3<sup>rd</sup>-line aggressive NHL
- Currently no approved therapies
- Market size ~15,000 patients

### Potential label expansion

- Relapsed indolent NHL + Rituxan (phase III)
- 2<sup>nd</sup>-line combination in high grade NHL (phase II)
- Salvage breast cancer ± Herceptin (planned)

## Pixantrone

### *Impressive single agent activity (NHL)*

High response rates in relapsed/resistant aggressive NHL

ORR= >30% (7CRs/5PRs + 5uPRs)

Durable responses: TTP >8 months for responders

Well tolerated

Grade 4 neutropenia 13/33 (40%)

Grade 4 anemia/thrombocytopenia 0-1/33 (<3%)

28/33 (85%) had maximum prior anthracycline exposure

14/33 (42%) received >1,000-1500mg/m<sup>2</sup> Pixantrone

Encouraging low incidence of cardiac events despite prior anthracycline exposure

## Pixantrone

### *Combination trials*

Highly active in combination regimens for relapsed/refractory  
NHL replacing doxorubicin

CHOP n=17

13 patients evaluable; 6CRs/1PR

ESHAP n=21

19 patients evaluable; 7CRs/4PRs

Highly active in relapsed/refractory indolent NHL

FND-R n=9

6 patients evaluable; 5CRs/1PR

## Preliminary Market Study

*% of physicians who would prescribe Pixantrone  
by line of therapy*

	First Line	Second Line	Third Line
Aggressive	47%	100%	100%
Indolent	27%	67%	67%

Almost half of the physicians would try Pixantrone in place of doxorubicin in first line therapy for aggressive patients mostly for patients with cardiovascular risk factors

## Last 12 Months in Review

### Objective

### Status

Acquire late stage or commercial product

Novuspharma merger  
 Pixantrone in phase III  
 \$18-\$20m in annual operating synergies  
 \$120M balance sheet

Reduce burn rate and secure adequate capital to grow commercial operations and see XYOTAX to NDA

\$75M notes offering

Advance discussions toward potential XYOTAX partner

Partnership discussions for XYOTAX ongoing

Initiate pivotal XYOTAX phase III trials

STELLAR-2, -3, -4 trials FDA approved and enrolling

TRISENOX® - profitable operating business

Sales targeted to double to \$24M this year

Highlight clinical data at key scientific meetings

ASH, AACR, ASCO, MM, MDS

## Key Objectives

### *Next 12-18 Months*

Gynecologic Oncology Group to initiate phase III study of XYOTAX in ovarian cancer

Complete enrollment of pivotal trials in non-small cell lung cancer

Successful merger with Novuspharma to maximize cost synergies and efficiencies

Initiate pivotal trial of Pixantrone in aggressive relapsed NHL