



Charter for the Compensation Committee of Cell Therapeutics, Inc.

PURPOSE

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Cell Therapeutics, Inc. (the “Corporation”) shall be to oversee the Board’s responsibilities relating to compensation of the Corporation’s Chief Executive Officer (“CEO”) and the Corporation’s other executive officers, which shall include all other officers with title of Executive Vice President and above or who otherwise report directly to the CEO (collectively, and including the CEO, the “Executive Officers”). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Corporation as they affect Executive Officers.

COMMITTEE MEMBERSHIP AND ORGANIZATION

The members of the Committee will be appointed by the Board on the recommendation of the Nominating and Governance Committee and will serve at the discretion of the Board. The Committee shall consist of no fewer than two members. The members of the Committee shall meet the (i) independence requirements of the listing standards of the Nasdaq Stock Market, (ii) non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, and (iii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

A chair shall be elected by the Board. The Committee shall meet at least twice a year and at such other times as it deems necessary to carry out its responsibilities. The Chair of the Committee and/or the Board may call such meetings.

COMMITTEE RESPONSIBILITIES AND AUTHORITY

- The Committee shall annually review and approve for the Executive Officers of the Corporation the annual base salary and the annual incentive bonus, including the specific goals and amount.
- The Committee shall, periodically and as when appropriate, review and approve the following as they affect the Executive Officers: (a) equity compensation, (b) employment agreements, severance arrangements, and change in control agreements/provisions, and (c) any other benefits, compensation or arrangements, including any special or supplemental compensation and benefits for Executive Officers and persons who formerly served as Executive Officers, including termination or retirement benefits and perquisites provided to them during and after employment.
- The Committee shall annually review competitive practices and trends to determine the adequacy of the executive compensation program.

- The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's compensation levels based on this evaluation.
- The Committee shall annually review and make recommendations to the Board with respect to compensation of executive officers of the Corporation other than the CEO.
- The Committee shall periodically review and make recommendations to the Board with respect to compensation of members of the Board.
- The Committee shall approve employment contracts, severance arrangements, change of control provisions and other agreements.
- The Committee shall approve and administer cash incentives and deferred compensation plans for executive officers (including any modification to such plans) and oversight of performance objectives and funding for executive incentive plans.
- The Committee shall review matters relating to management succession, including, but not limited to, compensation.
- The Committee shall approve and oversee compensation programs involving the use of the Corporation's stock.
- The Committee may form and delegate authority to subcommittees when appropriate.
- The Committee shall make regular reports to the Board.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- The Committee shall periodically review its own performance.
- The Committee shall prepare an annual report to the Company's stockholders on executive compensation and review the Company's Compensation Discussion and Analysis, each of which will be included in the annual report or the Company's proxy statement for its annual stockholders' meeting in accordance with the rules and regulations of the Securities and Exchange Commission.
- If appropriate, the Committee shall hire experts in the field of executive compensation to assist it with its evaluation of Executive Officer compensation. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used by the Corporation to assist in the evaluation of Executive Officer compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- The Committee shall fulfill such other duties and responsibilities as may be assigned to it by the Board and/or the Chairman of the Board.
- The Board reserves to itself all authority delegated hereunder to the Committee. This reservation of authority does not in any way limit the Committee's authority to act definitively on matters delegated to it hereunder. Notwithstanding the above, the Board reserves the right at any time to revoke or change the authority delegated hereunder.