



Amended and Restated Charter for the Audit Committee of the Board of Directors of Cell Therapeutics, Inc.

PURPOSE

The purpose of the Audit Committee of the Board of Directors (the “**Board**”) of Cell Therapeutics, Inc. (the “**Corporation**”) shall be to:

- Oversee the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;
- Assist the Board in oversight and monitoring of (i) the integrity of the Corporation’s financial statements, (ii) the Corporation’s compliance with legal and regulatory requirements, (iii) the independent auditor’s qualifications and independence, (iv) the performance of the Corporation’s internal audit function and independent auditors, and (v) the Corporation’s internal accounting and financial controls;
- Prepare any report that the rules of the Securities and Exchange Commission (the “**SEC**”) require be included in the Corporation’s annual proxy statement;
- Provide the Corporation’s Board with the results of its monitoring and recommendations derived therefrom; and
- Provide to the Board such additional information and materials as it may deem necessary to make the Board aware of significant financial matters that require the attention of the Board.

In addition, the Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

MEMBERSHIP

The Audit Committee members will be appointed by, and will serve at the discretion of, the Board on the recommendation of the Nominating and Governance Committee. The Audit Committee will consist of at least three members of the Board. Members of the Audit Committee must meet the following criteria:

- Each member of the Audit Committee shall meet the independence and experience requirements of the Securities Exchange Act of 1934, as amended, including, without limitation, Section 10A(m) of the Exchange Act and all rules and regulations promulgated by the SEC, the listing standards of the NASDAQ National Market and any other applicable laws, rules or regulations, including any rules promulgated pursuant to the Sarbanes-Oxley Act of 2002 (the “**Act**”); provided however, that non-independent directors may serve on the Audit Committee to the extent permitted by the Act, rules of NASDAQ and rules of the SEC.

- Each member of the Audit Committee shall be able to read and understand fundamental financial statements. In addition, at least one member of the Audit Committee shall be an “audit committee financial expert” as defined by the SEC.

RESPONSIBILITIES

The responsibilities of the Audit Committee shall include:

- Reviewing on a continuing basis the adequacy of the Corporation’s system of internal controls, including meeting periodically with the Corporation’s management and the independent auditors to review the adequacy of such controls and to review before release the disclosure regarding such system of internal controls required under SEC rules to be contained in the Corporation’s periodic filings and the attestations or reports by the independent auditors relating to such disclosure;
- Having sole authority to appoint, compensate and oversee the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
- Pre-approving audit and all permissible non-audit services provided to the Corporation by the independent auditors (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary and permissible); in this regard, the Audit Committee shall have the sole authority to approve the hiring and firing of the independent auditors, all audit engagement fees and terms and all non-audit engagements, as may be permissible, with the independent auditors;
- Reviewing and providing guidance with respect to the external audit and the Corporation’s relationship with its independent auditors by (i) reviewing the independent auditors’ proposed audit scope, approach and independence; (ii) obtaining on a periodic basis a statement from the independent auditors regarding relationships and services with the Corporation which may impact independence and presenting this statement to the Board, and to the extent there are relationships, monitoring and investigating them; (iii) reviewing the independent auditors’ peer review conducted every three years; (iv) discussing with the Corporation’s independent auditors the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters described in SAS No. 61, as may be modified or supplemented; and (v) reviewing reports submitted to the audit committee by the independent auditors in accordance with the applicable SEC requirements;
- Reviewing and discussing with management and the independent auditors the annual audited financial statements and quarterly unaudited financial statements, including the Corporation’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” prior to filing the Corporation’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, respectively, with the SEC;
- Directing the Corporation’s independent auditors to review before filing with the SEC the Corporation’s interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
- Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors;

- Reviewing before release the unaudited quarterly operating results in the Corporation's quarterly earnings release;
- Overseeing compliance with the requirements of the SEC for disclosure of auditor's services and audit committee members, member qualifications and activities;
- Reviewing, approving and monitoring the Corporation's code of ethics for its senior financial officers;
- Reviewing management's monitoring of compliance with the Corporation's standards of business conduct and with the Foreign Corrupt Practices Act;
- Reviewing, in conjunction with counsel, any legal matters that could have a significant impact on the Corporation's financial statements;
- Providing oversight and review at least annually of the Corporation's risk management policies, including its investment policies;
- Overseeing and reviewing the Corporation's policies regarding information technology and management information systems;
- If necessary, instituting special investigations with full access to all books, records, facilities and personnel of the Corporation;
- As deemed necessary to carry out its duties, obtaining advice and assistance from outside legal, accounting or other advisors. The Corporation shall provide for appropriate funding as determined by the Audit Committee for payment of compensation (i) to the public accounting firm employed by the Corporation for the purpose of rendering or issuing an audit report; and (ii) to any advisors employed by the Audit Committee hereunder;
- Reviewing and approving in advance any proposed related party transactions;
- Reviewing its own charter, structure, processes and membership requirements;
- Providing a report in the Corporation's proxy statement in accordance with the rules and regulations of the SEC; and
- Establishing procedures for receiving, retaining and treating complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

MEETINGS

The Audit Committee will meet at least four times each year, or more frequently as circumstances dictate. The Audit Committee may establish its own schedule, which it will provide to the Board in advance.

The Audit Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

MINUTES

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

REPORTS

In addition to preparing the report in the Corporation's proxy statement in accordance with the rules and regulations of the SEC, the Audit Committee will summarize its examinations and recommendations to the Board as may be appropriate, consistent with the Committee's charter.

COMPENSATION

Members of the Audit Committee shall receive such fees, if any, for their service as Audit Committee members as may be determined by the Board or any committee thereof granted the authority to determine compensation of the members of the Audit Committee. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board.

Members of the Audit Committee may not receive any compensation from the Corporation except the fees that they receive for service as a member of the Board or any committee thereof.

DELEGATION OF AUTHORITY

The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Audit Committee at its scheduled meetings.

The Audit Committee's responsibility is oversight. Management of the Corporation has the responsibility for the Corporation's financial statements as well as the Corporation's financial reporting process, principles, and internal controls. The independent auditors are responsible for performing an audit of the Corporation's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles, reviewing the Corporation's quarterly financial statements and other procedures. It is recognized that members of the Audit Committee are not engaged in the accounting or auditing profession and, consequently, are not experts in matters involving auditing or accounting, including auditor independence. As such, it is not the duty of the Audit Committee to plan or conduct audits to determine that the Corporation's financial statements fairly present the Corporation's financial position and results of operations and are in accordance with generally accepted accounting principles and applicable laws and regulations. Each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons within the Corporation and of the professionals, experts (such as independent auditors) from which it receives information, (ii) the accuracy of the financial or other information provided to the Audit Committee by such persons, professionals or experts, absent actual knowledge to the contrary, and (iii) representations made by management of the independent auditors as to non-audit services provided by the independent auditors to the Corporation.