

CELL THERAPEUTICS INC
Form PRE 14A
July 16, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant: x

Filed by a Party other than the Registrant: ..

Check the appropriate box:

x Preliminary Proxy Statement

.. **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

.. Definitive Proxy Statement

.. Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Cell Therapeutics, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

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No fee required.

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

July , 2012

Dear Shareholder:

You are cordially invited to attend the Cell Therapeutics, Inc. (the Company) Annual Meeting of Shareholders, which will be held at 10:00 a.m. Pacific Daylight Time (PDT), on Friday, August 31, 2012, at 3101 Western Avenue, Suite 600, Seattle, Washington 98121, U.S.A. For those of you unable to attend in person, the Company expects to webcast the meeting and make information concerning the webcast available on the Company s website at <http://www.celltherapeutics.com>

Information concerning the business to be conducted at this meeting is included in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. The Proxy Statement is being mailed to the Company s U.S. shareholders. If you are an Italian shareholder who does not hold shares in record name (*i.e.*, you hold shares through an Italian bank), you may obtain a copy of the Proxy Statement and a proxy card from any of the following places:

the office of the Italian branch of the Company s subsidiary CTI Life Sciences Limited (contact person: Ms. Elena Bellacicca, Investor Relations, CTI Life Sciences Limited at +39 02 89659700), at Via Amedei 8, 20123 Milan, Italy;

the office of any of the depository banks (or Monte Titoli intermediaries) having the Company s shares in their accounts;

the Securities and Exchange Commission website at <http://www.sec.gov>; or

the Company s website at <http://www.celltherapeutics.com/shareholders>.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the meeting, it is important that your shares be represented. Therefore, the Company urges its U.S. shareholders to sign, date and promptly return the enclosed proxy card in the enclosed postage paid envelope and urges its Italian shareholders to request and return an Italian proxy card, together with a completed certification of participation in the Italian Central Depository System. If your shares are held in a U.S. bank or brokerage account or if you are registered directly with the Company as the record holder of your shares, you may be eligible to vote your proxy electronically or by telephone. Please refer to the enclosed voting form for instructions.

I look forward to greeting you personally and, on behalf of the Board of Directors and management, I would like to express our appreciation for your support of Cell Therapeutics, Inc.

Sincerely,

James A. Bianco, M.D.

Chief Executive Officer

Shareholder

Cell Therapeutics, Inc., 3101 Western Avenue, Suite 600, Seattle, Washington 98121, U.S.A.

Table of Contents

CELL THERAPEUTICS, INC.

Notice of Annual Meeting of Shareholders

Friday, August 31, 2012

To the Shareholders of Cell Therapeutics, Inc.:

The Annual Meeting of Shareholders (the Annual Meeting) of Cell Therapeutics, Inc. (the Company) will be held at 10:00 a.m. Pacific Daylight Time (PDT), on Friday, August 31, 2012 at 3101 Western Avenue, Suite 600, Seattle, Washington 98121, U.S.A., for the following purposes:

- (1) to elect directors to the Company s Board of Directors (Proposal 1);
- (2) to approve an amendment to the Company s amended and restated articles of incorporation to increase the total number of authorized shares from 384,999,999 to 751,666,666 and the total number of authorized shares of common stock from 383,333,333 to 750,000,000 (Proposal 2);
- (3) to approve an amendment to the Company s 2007 Equity Incentive Plan, as amended and restated (the 2007 Equity Plan) to increase the number of shares available for issuance under the 2007 Equity Plan by 15,000,000 shares (Proposal 3);
- (4) to approve the shares issued to S*BIO Pte Ltd. in connection with, or to finance, the acquisition of assets of S*BIO Pte Ltd. and at the Company s option, to issue shares of common stock or shares of preferred stock in lieu of cash for up to 50% of the milestone payments pursuant to the asset purchase agreement entered into with S*BIO Pte Ltd. on April 18, 2012 (Proposal 4);
- (5) to approve the issuance of shares of preferred stock and shares of common stock issuable upon conversion of the preferred stock, warrants and shares of common stock issuable upon the exercise of the warrants, and at the Company s option, the issuance of shares of common stock in lieu of cash upon exchange of such warrants issued to Socius CG II, Ltd. pursuant to the securities purchase agreement entered into in connection with the offering of Series 15 Convertible Preferred Stock on May 29, 2012 (Proposal 5);
- (6) to ratify the selection of Marcum LLP as the Company s independent auditors for the year ending December 31, 2012 (Proposal 6);
- (7) to approve the adjournment of the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to adopt any of Proposals 1 through 6 (Proposal 7); and
- (8) to transact such other business as may properly come before the Annual Meeting and all adjournments and postponements thereof. The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. As more fully described in the Proxy Statement accompanying this Notice, Proposal 1 describes the election of three Class III directors to the Company s Board of Directors, each to serve until the 2015 annual meeting of shareholders.

The Board of Directors has approved the proposals described in the Proxy Statement and recommends that you vote FOR the nominees for directors listed in Proposal 1 and FOR Proposals 2, 3, 4, 5, 6 and 7.

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All shareholders are cordially invited to attend the Annual Meeting. Only shareholders of record at the close of business on July 20, 2012, the record date fixed by the Board of Directors of the Company, are entitled to vote at the Annual Meeting and all adjournments and postponements thereof. A complete list of shareholders entitled

Table of Contents

to notice of, and to vote at, the Annual Meeting will be open to examination by the shareholders beginning ten (10) days prior to the Annual Meeting for any purpose germane to the Annual Meeting during normal business hours at the office of the secretary of the Company at 3101 Western Avenue, Suite 600, Seattle, Washington 98121, U.S.A.

If you are an Italian shareholder who does not hold shares in record name (*i.e.*, you hold shares through an Italian bank), you may obtain a copy of the Proxy Statement and a proxy card from any of the following places:

the office of the Italian branch of the Company's subsidiary CTI Life Sciences Limited (contact person: Ms. Elena Bellacicca, Investor Relations, CTI Life Sciences Limited at +39 02 89659700), at Via Amedei 8, 20123 Milan, Italy;

the office of any of the depository banks (or Monte Titoli intermediaries) having the Company's shares in their accounts;

the Securities and Exchange Commission website at <http://www.sec.gov>; or

the Company's website at <http://www.celltherapeutics.com/shareholders>.

The Proxy Statement will be available for the Company's Italian shareholders at least twenty (20) days before the Annual Meeting date of August 31, 2012.

Whether or not you intend to be present at the Annual Meeting, U.S. shareholders are requested to sign and date the enclosed proxy card and return it in the enclosed envelope, and Italian shareholders are requested to request, sign, date and return an Italian proxy card, together with a completed certification of participation in the Italian Central Depository System. If you are one of the Company's Italian shareholders, please remember to request a certification of participation in the Italian Central Depository System from your broker and include it in the same envelope as your Italian proxy card in order for your vote to be counted. If your shares are held in a bank or brokerage account in the United States, or if you are registered directly with the Company as the record holder of your shares, you may be eligible to vote your proxy electronically or by telephone. Please refer to the enclosed voting form for instructions.

By Order of the Board of Directors

Louis A. Bianco
Executive Vice President, Finance & Administration

Seattle, Washington

July , 2012

YOUR VOTE IS IMPORTANT. ACCORDINGLY, YOU ARE URGED TO SIGN, DATE AND RETURN PROMPTLY THE ACCOMPANYING PROXY CARD IN THE ENCLOSED ENVELOPE REGARDLESS OF WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING. IF YOU ARE ONE OF THE COMPANY'S SHAREHOLDERS IN ITALY, PLEASE REMEMBER TO PRINT AN ITALIAN PROXY CARD FROM THE COMPANY'S WEBSITE, OR ANY OF THE LOCATIONS LISTED IN THE PROXY STATEMENT, SIGN AND DATE THE ITALIAN PROXY CARD, REQUEST A CERTIFICATION OF PARTICIPATION IN THE ITALIAN CENTRAL DEPOSITORY SYSTEM FROM YOUR BROKER AND INCLUDE THE ITALIAN PROXY CARD AND CERTIFICATION OF PARTICIPATION IN THE SAME ENVELOPE OR TELECOPY THEM TOGETHER TO THE FACSIMILE NUMBER PROVIDED ON THE ITALIAN PROXY CARD (SEE PAGE 2 FOR MORE INFORMATION ON ITALIAN VOTING PROCEDURES).

Table of Contents

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting, Which Will Be Held on Friday, August 31, 2012:**

This Notice and the Proxy Statement are available on the Company's website at

<http://www.celltherapeutics.com/shareholders>.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>General</u>	1
<u>Important Information for the Company's Shareholders in Italy about Voting Procedures</u>	2
<u>Solicitation of Proxies</u>	4
<u>Record Date, Voting Rights and Outstanding Shares</u>	4
<u>Dissenters Rights or Appraisal Rights</u>	4
<u>Quorum, Abstentions and Broker Non-Votes</u>	4
<u>Voting Electronically or by Telephone</u>	6
<u>Revocability of Proxies</u>	6
<u>Voting Agreements</u>	6
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	7
<u>Summary</u>	7
<u>Nominees for Election as Directors</u>	7
<u>Vote Required and Board of Directors Recommendation</u>	7
<u>Information about Nominees and Continuing Directors</u>	8
<u>Nomination for Election for a Term Continuing Until the 2015 Annual Meeting Class III Directors</u>	8
<u>Directors Continuing in Office Until the 2013 Annual Meeting Class I Directors</u>	9
<u>Directors Continuing in Office Until the 2014 Annual Meeting Class II Directors</u>	9
<u>Board of Directors and Committee Meetings</u>	10
<u>Director Independence</u>	12
<u>Leadership Structure</u>	13
<u>Risk Oversight</u>	13
<u>Code of Ethics</u>	14
<u>Corporate Governance Guidelines</u>	14
<u>Shareholder Proposals</u>	14
<u>Communicating Concerns to Directors</u>	15
<u>Non-Employee Director Compensation Table</u>	15
<u>Non-Employee Director Compensation</u>	16
<u>PROPOSAL 2 APPROVAL OF AN AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES</u>	19
<u>Summary</u>	19
<u>Text of the Proposed Amendment</u>	21
<u>Vote Required and Board of Directors Recommendation</u>	21
<u>PROPOSAL 3 APPROVAL OF AN AMENDMENT TO THE COMPANY'S 2007 EQUITY INCENTIVE PLAN</u>	23
<u>Summary</u>	23
<u>Vote Required and Board of Directors Recommendation</u>	23
<u>Summary of the 2007 Equity Plan</u>	24
<u>Federal Income Tax Consequences</u>	29
<u>Accounting Treatment</u>	31
<u>New Plan Benefits</u>	31
<u>Aggregate Past Grants Under the 2007 Equity Plan</u>	33
<u>Equity Compensation Plan Information</u>	34
<u>PROPOSAL 4 APPROVAL OF THE ISSUANCE OF SECURITIES IN CONNECTION WITH, OR TO FINANCE, THE ACQUISITION OF ASSETS OF S*Bio AND RELATED MILESTONE PAYMENTS</u>	35
<u>Background and Reason for Request for Shareholder Approval</u>	35
<u>Impact on Shareholders of Approval or Disapproval of this Proposal</u>	37
<u>Vote Required and Board of Directors Recommendation</u>	38
<u>PROPOSAL 5 APPROVAL OF THE ISSUANCE OF SECURITIES IN CONNECTION WITH THE OFFERING OF SERIES 15 PREFERRED STOCK</u>	39
<u>Background and Reason for Request for Shareholder Approval</u>	39

Table of Contents

	Page
<u>Impact on Shareholders of Approval or Disapproval of this Proposal</u>	40
<u>Vote Required and Board of Directors Recommendation</u>	42
<u>DESCRIPTION OF SECURITIES</u>	43
<u>Description of Capital Stock to be Issued</u>	43
<u>Description of Common Stock</u>	43
<u>General Description of Preferred Stock</u>	43
<u>Anti-Takeover Effects of Provisions of Washington Law, Our Articles of Incorporation and Bylaws and Our Rights Plan</u>	43
<u>Transfer Agent and Registrar</u>	44
<u>Description of Series 15 Preferred Stock</u>	45
<u>Description of Warrants</u>	47
<u>PROPOSAL 6 RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS</u>	50
<u>Summary</u>	50
<u>Independent Auditors Fees and Services</u>	50
<u>Pre-Approval Policy</u>	50
<u>Vote Required and Board of Directors Recommendation</u>	51
<u>REPORT OF THE AUDIT COMMITTEE</u>	52
<u>PROPOSAL 7 APPROVAL OF THE ADJOURNMENT OF THE ANNUAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES</u>	54
<u>Summary</u>	54
<u>Vote Required and Board of Directors Recommendation</u>	54
<u>EXECUTIVE COMPENSATION</u>	55
<u>Compensation Discussion and Analysis</u>	55
<u>Executive Summary</u>	55
<u>Compensation Objectives and Philosophy</u>	55
<u>Compensation Process</u>	56
<u>Principal Elements of Compensation</u>	57
<u>Post-Termination Protection and Payments</u>	63
<u>Tax Deductibility of Pay</u>	63
<u>Risk Considerations</u>	63
<u>2011 Say-on-Pay Vote</u>	64
<u>Subsequent Committee Actions</u>	64
<u>Summary</u>	65
<u>Compensation Committee Report</u>	65
<u>Compensation Committee Interlocks and Insider Participation</u>	66
<u>Summary Compensation Table Fiscal Years 2009-2011</u>	66
<u>Compensation of Named Executive Officers</u>	68
<u>Description of Employment Agreements Cash Compensation</u>	68
<u>Grants of Plan-Based Awards Fiscal 2011</u>	69
<u>Outstanding Equity Awards at Fiscal 2011 Year-End</u>	70
<u>Option Exercises and Stock Vested Fiscal Year 2011</u>	71
<u>Potential Payments upon Termination or Change in Control</u>	71
<u>Severance Benefits (Outside of Change of Control)</u>	73
<u>Change of Control Severance Benefits</u>	74
<u>OTHER INFORMATION</u>	75
<u>Security Ownership of Certain Beneficial Owners and Management</u>	75
<u>Executive Officers</u>	77
<u>Related Party Transactions</u>	78
<u>Certain Transactions with Related Persons</u>	78
<u>Section 16(a) Beneficial Ownership Reporting Compliance of the Exchange Act</u>	80
<u>Other Business</u>	80
<u>Where You Can Find Additional Information</u>	80
<u>APPENDIX A 2007 Equity Incentive Plan</u>	A-1

Table of Contents

CELL THERAPEUTICS, INC.

3101 Western Avenue, Suite 600

Seattle, Washington 98121, U.S.A.

PROXY STATEMENT

Information Regarding Proxies

General

This Proxy Statement and the accompanying form of proxy card are furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Cell Therapeutics, Inc. (the Company) for use at the Company's Annual Meeting of Shareholders (the Annual Meeting or shareholder meeting), which will be held at 10:00 a.m. Pacific Daylight Time (PDT), on Friday, August 31, 2012, at 3101 Western Avenue, Suite 600, Seattle, Washington 98121, U.S.A., and at any adjournment or postponement thereof.

At the Annual Meeting, shareholders will be asked:

- (1) to elect directors to the Company's Board (Proposal 1);
- (2) to approve an amendment to the Company's amended and restated articles of incorporation to increase the total number of authorized shares from 384,999,999 to 751,666,666 and the total number of authorized shares of common stock from 383,333,333 to 750,000,000 (Proposal 2);
- (3) to approve an amendment to the Company's 2007 Equity Incentive Plan, as amended and restated (the 2007 Equity Plan) to increase the number of shares available for issuance under the 2007 Equity Plan by 15,000,000 shares (Proposal 3);
- (4) to approve the shares issued to S*BIO Pte Ltd. (S*BIO) in connection with, or to finance, the acquisition of assets of S*BIO and at the Company's option, to issue shares of common stock or shares of preferred stock in lieu of cash for up to 50% of the milestone payments pursuant to the asset purchase agreement entered into with S*BIO on April 18, 2012 (Proposal 4);
- (5) to approve the issuance of shares of preferred stock and shares of common stock issuable upon conversion of the preferred stock, warrants and shares of common stock issuable upon the exercise of the warrants, and at the Company's option, the issuance of shares of common stock in lieu of cash upon exchange of such warrants issued to Socius CG II, Ltd. (Socius), pursuant to the securities purchase agreement entered into in connection with the offering of Series 15 Convertible Preferred Stock on May 29, 2012 (Proposal 5);

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- (6) to ratify the selection of Marcum LLP as the Company's independent auditors for the year ending December 31, 2012 (Proposal 6);
- (7) to approve the adjournment of the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to adopt any of Proposals 1 through 6 (Proposal 7 and together with Proposals 1 through 6, the Proposals); and
- (8) to transact such other business as may properly come before the Annual Meeting and all adjournments and postponements thereof. As more fully described in this Proxy Statement, Proposal 1 describes the election of three Class III directors to the Board, each to serve until the 2015 annual meeting of shareholders.

Shareholder approval of Proposals 1, 2, 3, 4 and 5 are required by statutes or regulations applicable to the Company based on its listing on The NASDAQ Stock Market LLC (NASDAQ) and its incorporation in the State of Washington.

This Proxy Statement and the accompanying proxy card are being first mailed to shareholders on or about July 30, 2012.

Table of Contents

Important Information for the Company's Shareholders in Italy about Voting Procedures

If you hold shares of the Company's common stock as a result of a merger with Novuspharma S.p.A. or if you acquired shares of the Company's common stock through an account with an Italian bank on the Mercato Telematico Azionario stock market in Italy (the MTA), you most likely hold these shares indirectly through the facilities of the Monte Titoli, S.p.A., the Italian central clearing agency (Monte Titoli), and through the banks and brokers participating in the Monte Titoli system (unless you or your broker has taken action to remove your shares from the Monte Titoli system and requested to have shares registered in your name). Persons holding shares of the Company's common stock through Monte Titoli are referred to as the Company's shareholders in Italy or the Company's Italian shareholders. Monte Titoli, in turn, holds these shares of the Company's common stock through the U.S. clearing agency, the Depository Trust Company (DTC). Pursuant to U.S. law, DTC will transfer its voting power over the shares in Monte Titoli's account to Monte Titoli. Monte Titoli has agreed with the Company that it will re-transfer its voting power over such shares to the persons holding certifications of participation (each, a Certification) in the Italian Central Depository System issued pursuant to Italian law (Section 21 (and the following sections) of the Regulation enacted by the Bank of Italy and the Commissione Nazionale per le Società e la Borsa (CONSOB) on February 22, 2008).

In order to increase the number of shares owned by Italian shareholders that vote at the Annual Meeting so that the Company can achieve a quorum and take action at the Annual Meeting and facilitate voting regarding the matters submitted for approval at the Annual Meeting, all of which has been difficult in the past, the Company has requested that certain Italian banks, in the absence of the shareholder's instructions to the contrary, make book-entry transfers of the Company's common stock, in part or all of the shares, held in the name of and in the customer's account by such banks to an account opened in the name of the same banks at a U.S. broker-dealer on the record date. Under the securities laws of the United States and the rules of the New York Stock Exchange (the NYSE), this will permit such U.S. broker-dealers who hold shares transferred to them from Italian banks to vote these shares for certain routine matters to be presented at the Annual Meeting to the extent that the Italian shareholders have not instructed their broker to vote the shares pursuant to the procedures provided for in this Proxy Statement and on the proxy card prepared for the Company's shareholders in Italy, which may be obtained from the Company's website at <http://www.celltherapeutics.com>. The Company's Italian shareholders will, however, maintain their right to instruct the U.S. broker-dealer so that the broker-dealer refrains from taking any action in relation to such shareholder's shares, including voting the shares. Accordingly, if you do not vote your shares by valid proxy or you do not provide any specific instruction in relation thereto on or before the date of the Annual Meeting and your shares are held through an Italian bank participating in this transfer procedure, your shares will be voted by the U.S. broker-dealer pursuant to the discretionary authority granted them under Rule 452 of the NYSE. However, you may still vote your shares yourself as provided below.

Copies of this Proxy Statement may be obtained by the Company's Italian shareholders from any of the following places:

the office of the Italian branch of the Company's subsidiary CTI Life Sciences Limited (contact person: Ms. Elena Bellacicca, Investor Relations, CTI Life Sciences Limited at +39 02 89659700), at Via Amedei 8, 20123 Milan, Italy;

the office of any of the depository banks (or intermediaries of Monte Titoli) having the Company's shares in their accounts;

the Securities and Exchange Commission (the SEC) website at <http://www.sec.gov>; or

the Company's website at <http://www.celltherapeutics.com/shareholders>.

This Proxy Statement will be available for the Company's Italian shareholders at least twenty (20) days before the Annual Meeting date of August 31, 2012. All of the Company's shareholders, including the Company's Italian shareholders, are cordially invited to attend the Annual Meeting. If you hold shares of the Company's common stock in Italy through Monte Titoli, your broker is required by Italian law to provide you with a Certification in the Italian Central Depository System.

Table of Contents

Italian shareholders who have requested and received a Certification may vote in the following manner:

In person. You may attend the Annual Meeting and vote in person. To do so, please present your Certification at the door, together with proof of your identity.

By mail or facsimile. You may print an Italian proxy card from the Company's website at <http://www.celltherapeutics.com/shareholders> and use that proxy card to vote by mail or facsimile. Please mark your votes on the Italian proxy card and return it and your Certification by mail to the address shown on the card or by facsimile to the facsimile number shown on the card by the deadline shown on the card. Your name as you write it on your Italian proxy card must exactly match your name as printed on your Certification. Italian privacy law prevents the Company from learning in advance the names of the persons holding Certifications. Thus, you must include your Certification (or a complete copy) in the same envelope as your Italian proxy card in order for your vote to be counted (that is, in order to prove to the Company's inspector of election that you have the right to vote).

By proxy. You may name another person as a substitute proxy by any means permitted by Washington law and the Company's second amended and restated bylaws (the Bylaws). That substitute proxy may then attend the Annual Meeting, provided that he or she provides your Certification or a complete copy thereof, together with your written authorization naming such person as your proxy, to the Company's inspector of election at the Annual Meeting in order to verify the authenticity of your proxy designation.

The Company strongly encourages its Italian shareholders to obtain a Certification and an Italian proxy card and submit them by mail to the address shown **on the Italian proxy card or, if possible, send by facsimile to the facsimile number shown on the Italian proxy card.** A significant percentage of the Company's shares are held by persons in Italy. If the Company's Italian shareholders do not take the time to vote, then the Company will not be able to obtain a quorum, in which case the Company would be unable to conduct any business at the Annual Meeting, and will not be able to obtain approval of the Proposals. **Your vote is important. Please obtain a Certification and an Italian proxy card and vote today.**

For future meetings, an Italian shareholder may also vote via internet or by phone if the shares owned by such Italian shareholder are held directly by a U.S. brokerage account in that shareholder's name. If you are an Italian shareholder and wish to use this method of voting for future meetings, then prior to the record date for such future meeting you will need to instruct your bank to transfer your shares to a U.S. brokerage account (to be held in your name and for your account). Once your shares are held by a U.S. broker-dealer in your name, you will receive the shareholder meeting documentation for any future meetings (including the proxy statement) at your address, together with a security code and instructions on how to vote your shares through the relevant website or by calling the telephone number provided in connection with that meeting. You will not need to transfer your shares before every meeting; once the transfer has been made and your shares are held in a U.S. brokerage account, you will be able to vote your shares via internet or phone for all future meetings so long as your shares continue to be held in a U.S. brokerage account. If you wish to make such a transfer to allow voting via internet or phone for future meetings, please contact your bank to understand the procedure and the costs associated with that transfer. Please note that you will be required by your bank to bear the costs relating to such a transfer, including those debited or claimed by the U.S. broker-dealer for the management of the account in the U.S.

The Company's Italian shareholders who are registered directly with the Company as a record holder (*i.e.*, you hold your shares in registered form) may also vote via internet or by phone. If you do not hold your shares in registered form, you may request to be registered directly with the Company as a record holder, which will entitle you to receive shareholder materials for future meetings directly at your address as indicated in the registration. If you are interested in having your shares registered directly with the Company for the purposes of receiving shareholder information directly for future meetings, please contact your bank for more information on the procedures required for such registration, which would include, among other things, the submission of a registration request (together with a Certification) to the Company's transfer agent, the removal of your shares

Table of Contents

from Monte Titoli's account and the transfer of such shares to the United States directly in your name. Please note that registration in the Company's shareholder books may require you to take additional steps if and when you decide to dispose of your shares.

Solicitation of Proxies

This solicitation is made on behalf of the Board. All expenses in connection with the solicitation of proxies will be borne by the Company. In addition to solicitation by mail, the Company's officers, directors or other regular employees may solicit proxies by telephone, facsimile, electronic communication or in person. These individuals will not receive any additional compensation for these services. The Company has engaged The Proxy Advisory Group, LLC to assist in the solicitation of proxies and provide related advice and informational support, for a service fee, plus customary disbursements, which are not expected to exceed \$30,000 in the aggregate.

Record Date, Voting Rights and Outstanding Shares

Only shareholders of record on the Company's books at the close of business on July 20, 2012 (the record date) will be entitled to notice of, and to vote at, the Annual Meeting. Each holder of record of the Company's common stock, no par value per share, outstanding on the record date will be entitled to one vote per share on all matters to be voted upon at the Annual Meeting. As of the close of business on the record date, there were issued and outstanding shares of common stock. As of the close of business on the record date, the Company does not have any other class of capital stock outstanding.

Dissenters Rights or Appraisal Rights

Pursuant to applicable Washington law, there are no dissenters or appraisal rights relating to the matters to be acted upon at the Annual Meeting.

Quorum, Abstentions and Broker Non-Votes

A quorum of shareholders must be established at the Annual Meeting in order to transact business at the Annual Meeting. Under the Business Corporation Act of Washington, a quorum may be established in one of two ways. Pursuant to the first quorum standard, the presence in person, by telephone or by proxy of the holders of at least one-third of the shares outstanding and entitled to vote at the Annual Meeting constitutes a quorum (Quorum Standard 1). Therefore, the Company will need at least shares of the Company's common stock present in person, by telephone or by proxy at the Annual Meeting for Quorum Standard 1 to be established. However, the Company may establish a quorum under the second quorum standard. In order to satisfy the second quorum standard, a majority of the shares outstanding and entitled to vote at the Annual Meeting other than shares held of record by DTC and credited to the account of stock depositories located in a member state of the European Union must be present in person, by telephone or by proxy at the Annual Meeting, provided the number of votes comprising such majority equals or exceeds one sixth of the shares outstanding and entitled to vote at the Annual Meeting (Quorum Standard 2). As of the close of business on the record date, there were issued and outstanding shares of the Company's common stock other than shares held of record by DTC and credited to the account of stock depositories located in a member state of the European Union. Accordingly, of the shares of the Company's common stock other than shares held of record by DTC and credited to the account of stock depositories located in a member state of the European Union must be present in person, by telephone or by proxy at the Annual Meeting for Quorum Standard 2 to be established. All shares of the Company's common stock are eligible to vote for the Proposals, except that votes by Socius will not be counted in determining if a majority of the total votes cast on Proposals 4 and 5, voting in person or by proxy, have approved Proposals 4 or 5. Under Quorum Standard 2, certain shares are not counted for quorum purposes. However, even if a quorum is established under Quorum Standard 2, all shares are eligible to vote and all such votes will be counted.

Table of Contents

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions, withheld votes and broker non-votes. Abstentions and broker non-votes will be counted in determining whether a quorum is present, *except* that abstentions and broker non-votes of shares credited to the account of stock depositories located in a member state of the European Union (including shares that are held through Monte Titoli) and not transferred in accordance with the procedure described in

Important Information for the Company's Shareholders in Italy about Voting Procedures above will not be counted in determining whether a quorum is present for purposes of establishing Quorum Standard 2. Abstentions represent a shareholder's affirmative choice to decline to vote on a proposal. Broker non-votes occur when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular matter because such broker, bank or other nominee does not have discretionary authority to vote on that matter and has not received voting instructions from the beneficial owner. Brokers, banks and other nominees typically do not have discretionary authority to vote on non-routine matters. Under the rules of the NYSE, as amended, which apply to all NYSE-licensed brokers (the NYSE Rules), brokers have discretionary authority to vote on routine matters when they have not received timely voting instructions from the beneficial owner.

If a quorum is established at the Annual Meeting, all shares of the Company's common stock represented by properly executed proxies that are not revoked will be voted in accordance with the instructions, if any, given therein. In the absence of a quorum, the Chairman of the Annual Meeting may adjourn the Annual Meeting. Proxy cards that are signed and returned without specifying a vote or an abstention on any proposal specified therein will be voted according to the recommendations of the Board on such proposals, which recommendations are in favor of all of the Proposals, and will be voted, in the proxies' discretion, upon such other matter or matters that may properly come before the Annual Meeting and any such postponements or adjournments thereof. All proxy cards, whether received prior to or after the original date of the Annual Meeting, will be valid as to any postponements or adjournments of the Annual Meeting.

When an eligible voter attends the shareholder meeting but affirmatively decides not to vote, the eligible voter's decision not to vote is called an abstention. Properly executed proxy cards that are marked "abstain" or "withhold authority" on any proposal will be treated as abstentions for that proposal. The Company will treat abstentions as follows:

abstention shares are present and entitled to vote for purposes of determining the presence of a quorum;

abstentions will be treated as not voting for purposes of de