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Cell Therapeutics, Inc. (CTI) Licenses Lisofylline and Related Patent Portfolio to DiaKine Therapeutics, Inc. for Development in Diabetes

SEATTLE, WA (January 4, 2005) -- Cell Therapeutics, Inc. (CTI) (Nasdaq: CTIC; Nuovo Mercato) has entered into an agreement with DiaKine Therapeutics, Inc. to license the patent and other intellectual property rights related to Lisofylline (LSF) for development in diabetes and related complications. Under the terms of the agreement, CTI will receive license fees, together with milestone payments on the achievement of predetermined development goals, royalties on sales of the product, as well as a minority ownership in DiaKine. DiaKine will assume responsibility for all costs related to the development of LSF in diabetes, as well as costs associated with maintaining the licensed patents. CTI retains all rights to develop LSF for non-diabetes applications, including applications in oncology.

"This agreement allows DiaKine to maximize the potential of LSF in diabetes while CTI maintains its focus on developing and commercializing cancer products, an area where we have a lot of expertise," stated James A. Bianco, M.D., President and CEO of CTI. "We're pleased that DiaKine is pursuing the development of LSF in diabetes and look forward to seeing the results of its work in this area."

DiaKine's CEO, Jim Farinholt, said, "Discussions have been initiated with venture capital firms to fund phase II trials in indications associated with type 1 diabetes and to develop additional applications for LSF and select analogs. We welcome CTI's co-founder and director, Jack W. Singer, M.D., Chief Medical Officer, to represent CTI on DiaKine's Board of Directors. Dr. Singer knows LSF well and has supported the research of Dr. Jerry Nadler, DiaKine's Founder, for over a decade. Dr. Nadler is a recognized expert in the field of diabetes and associated complications. The signing of this agreement is a watershed event for our new company."

About Lisofylline and Diabetes

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LSF is a synthetic small molecule with novel anti-inflammatory properties. LSF can effectively prevent type 1 diabetes in preclinical models and improves the function and viability of isolated or transplanted pancreatic islets. LSF improves cellular mitochondrial function and blocks interleukin 12 (IL-12) signaling and STAT-4 activation in target cells and tissues. IL-12 and STAT 4 activation are important pathways linked to inflammation and autoimmune damage to insulin producing cells. Therefore, LSF and related analogs could provide a new therapeutic approach to prevent or reverse type 1 diabetes. LSF also directly reduces glucose-induced changes in human kidney cells suggesting that LSF and analogs have the potential to treat the complications associated with diabetes.

About DiaKine Therapeutics, Inc.

DiaKine was formed early this year by Dr. Jerry L. Nadler, Chief of Endocrinology and Metabolism at the University of Virginia School of Medicine, to develop and commercialize novel discoveries for the treatment of unmet medical needs in diabetes and related complications. Initially, DiaKine was funded by resources from its founders and recently received support from the National Institute of Diabetes & Digestive & Kidney Diseases National Institutes of Health (NIDDK/NIH).

About Cell Therapeutics, Inc.

Headquartered in Seattle, CTI is a biopharmaceutical company committed to developing an integrated portfolio of oncology products aimed at making cancer more treatable. For additional information, please visit www.cticseattle.com.

This press release includes forward-looking statements that involve a number of risks and uncertainties, the outcome of which could materially and/or adversely affect actual future results. Specifically, the risks and uncertainties that could affect our agreement with DiaKine Therapeutics Inc. and/or the development of Lisofylline include risks associated with preclinical and clinical developments in the biopharmaceutical industry in general and with CTI's products under development in particular including, without limitation, the potential failure of all compounds to prove safe and effective for treatment of disease, determinations by regulatory, patent and administrative governmental authorities, competitive factors, technological developments, costs of developing, producing and selling CTI's products under development, and the risk factors listed or described from time to time in the Company's filings with the Securities and Exchange Commission including, without limitation, the Company's most recent filings on Forms 10-K, 8-K, and 10-Q. 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.

SOURCE Cell Therapeutics, Inc. 01/04/2005

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