**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# Form 10-K

**(Mark One)**

T **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2014**

**or**

£ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number 0-15327**

# CytRx Corporation

(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **58-1642740**<br>(I.R.S. Employer Identification No.) |
| **11726 San Vicente Blvd, Suite 650, Los Angeles, California**<br>(Address of principal executive offices) | **90049**<br>(Zip Code) |

**Registrant's telephone number, including area code: (310) 826-5648**

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**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Name of exchange on which registered |
|---|---|
| **Common Stock, $0.001 par value per share** | **The NASDAQ Capital Market** |
| **Series A Junior Participating Preferred Stock Purchase Rights** | |

**Securities Registered Pursuant to Section 12(g) of the Act:**
**None**

Indicate by check mark if the Registrant is a well-known seasoned issuer (as defined in Securities Act Rule 405). Yes £ No R

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes £ No R

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes R No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes R No £

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. R

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer £ | Accelerated filer R | Non-accelerated filer £<br>(Do not check if a smaller reporting company) | Smaller reporting company £ |

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes £ No R

Based on the closing price of the Registrant's common stock as reported on The NASDAQ Capital Market, the aggregate market value of the Registrant's

**CYTRX CORPORATION**
**2013 ANNUAL REPORT ON FORM 10-K**

**TABLE OF CONTENTS**

## NOTE ON FORWARD-LOOKING STATEMENTS

Some of the information contained in this Annual Report may include forward-looking statements that reflect our current views with respect to our research and development activities, business strategy, business plan, financial performance and other future events. These statements include forward-looking statements both with respect to us, specifically, and the biotechnology sector, in general. We make these statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “estimate,” “may,” “should,” “anticipate,” “will” and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

All forward-looking statements involve inherent risks and uncertainties, and there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, those factors set forth in the sections entitled “Business,” “Risk Factors,” “Legal Proceedings,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Quantitative and Qualitative Disclosures About Market Risk” and “Controls and Procedures” in this Annual Report, all of which you should review carefully. Please consider our forward-looking statements in light of those risks as you read this Annual Report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

If one or more of these or other risks or uncertainties materializes, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we anticipate. All subsequent written and oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by this Note.

## INDUSTRY DATA

Unless otherwise indicated, information contained in this Annual Report concerning our industry, including our general expectations and market opportunity, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. In addition, assumptions and estimates of our and our industry’s future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described below in the “Risk Factors” section of this Annual Report. These and other factors could cause our future performance to differ materially from our assumptions and estimates.

## TRADEMARKS

CytRx is one of our trademarks used in this Annual Report. This Annual Report also includes trademarks, trade names and service marks that are the property of other organizations. Solely for convenience, trademarks and trade names referred to in this Annual Report sometimes appear without the ® and ™ symbols, but those references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights, or that the applicable owner will not assert its rights, to these trademarks and trade names.

## PART I

**Item 1.** ***BUSINESS***

References in this Annual Report to the "company," "we," "us" or "our" refer to CytRx Corporation, unless otherwise indicated.

**COMPANY OVERVIEW**

We are a biopharmaceutical research and development company specializing in oncology. We currently are focused on the clinical development of aldoxorubicin (formerly known as INNO-206), our modified version of the widely-used chemotherapeutic agent, doxorubicin. We have reported positive top-line efficacy results (median progression-free survival, progression-free survival at six months, overall response rates, hazard ratios and overall survival) from our completed, global Phase 2b clinical trial with aldoxorubicin as a treatment for soft tissue sarcoma, or STS. Hazard ratios - the likelihood that the study endpoint (in this case tumor progression) will be reached during a given period - are an important measure of the reliability and uniformity of the absolute data for progression-free survival, or PFS. The trial investigated the efficacy and safety of aldoxorubicin compared with doxorubicin in subjects with first-line metastatic, locally advanced or unresectable STS. Aldoxorubicin combines the chemotherapeutic agent doxorubicin with a novel linker-molecule that binds specifically to albumin in the blood to allow for delivery of higher amounts of doxorubicin (3½ to 4 times) without the major dose-limiting toxicities seen with administration of doxorubicin alone.

In the first quarter of 2014, we initiated a pivotal Phase 3 trial of aldoxorubicin as a therapy for patients with STS whose tumors have progressed following treatment with chemotherapy, and we have received approval from the FDA to continue dosing patients with aldoxorubicin until disease progression in that clinical trial. The Phase 3 trial is being conducted under a Special Protocol Assessment, or SPA, granted by the U.S. Food and Drug Administration, or FDA. The SPA means that the FDA agrees that the design and analyses proposed in the Phase 3 trial protocol are acceptable to support regulatory approval of the product candidate with respect to effectiveness of the indication studied, and will not subsequently change its perspective on these matters, unless previously unrecognized public or animal health concerns were to arise or we were to subsequently modify the protocol. Thus, if the study demonstrates an acceptable benefit-risk profile as determined by the FDA, it would suffice as the single pivotal trial to demonstrate effectiveness and would support registration of aldoxorubicin for this indication.

We are currently evaluating aldoxorubicin in a global Phase 2b clinical trial in small cell lung cancer, a Phase 2 clinical trial in HIV-related Kaposi's sarcoma, a Phase 2 clinical trial in patients with late-stage glioblastoma (brain cancer), a Phase 1b trial in combination with ifosfamide in patients with soft tissue sarcoma, and a Phase 1b trial in combination with gemcitabine in subjects with metastatic solid tumors. We have completed a global Phase 2b clinical trial with aldoxorubicin as a first-line therapy for STS, a Phase 1b/2 clinical trial primarily in the same indication, a Phase 1b clinical trial of aldoxorubicin in combination with doxorubicin in patients with advanced solid tumors and a Phase 1b pharmacokinetics clinical trial in patients with metastatic solid tumors.

We plan to expand our pipeline of oncology candidates through our drug-development activities at our laboratory facility in Freiburg, Germany, based on novel linker technologies that can be utilized with multiple chemotherapeutic agents and may allow for greater drug concentration at tumor sites.

We are a Delaware corporation, incorporated in 1985. Our corporate offices are located at 11726 San Vicente Boulevard, Suite 650, Los Angeles, California 90049, and our telephone number is (310) 826-5648.

**OUR PRODUCT CANDIDATE PIPELINE**

The following table summarizes our product candidates and their current or impending stages of development:

| Technology | Product candidate | Indication(s) | Stage of Development |
|---|---|---|---|
| Doxorubicin conjugate | Aldoxorubicin | Soft Tissue Sarcoma | Pivotal Global Phase 3 ongoing |
| | | | Global Phase 2b completed |
| | | Small-Cell Lung Cancer | Global Phase 2b ongoing |
| | | Glioblastoma Multiforme | Phase 2 ongoing |
| | | Kaposi's Sarcoma | Phase 2 ongoing |
| | | Combination with ifosfamide | Phase 1b ongoing |
| | | Combination with gemcitabine | Phase 1b ongoing |
| New albumin-binding drug conjugates | To be announced | To be announced | Pre-clinical |

**OUR CLINICAL DEVELOPMENT PROGRAMS**

Our current clinical development programs are discussed below.

***Aldoxorubicin***

Aldoxorubicin is a conjugate of the commonly prescribed chemotherapeutic agent doxorubicin that binds to circulating albumin in the bloodstream and is concentrated at the site of tumors. Specifically, it is comprised of (6-maleimidocaproyl) hydrazine, an acid-sensitive molecule that is conjugated to doxorubicin. In the first quarter of 2014, we initiated under an SPA granted by the FDA a pivotal, global Phase 3 trial of aldoxorubicin as a therapy for patients with STS whose tumors have progressed following treatment with chemotherapy.

*Aldoxorubicin for the Treatment of Cancer*. Anthracyclines are a class of drugs that are among the most commonly used agents in the treatment of cancer. Doxorubicin, the first anthracycline to gain FDA approval, has demonstrated efficacy in a wide variety of cancers, including breast cancer, lung cancer, ovarian cancer, sarcomas, and lymphomas. However, due to the uptake of doxorubicin by various parts of the body, it is associated with side effects such as cumulative cardiotoxicity, myelosuppression (decreased production of blood cells by bone marrow), gastrointestinal disorders, mucositis (inflammation of the mucous membranes lining the mouth and digestive tract), stomatitis (inflammation of soft tissue of the mouth), and necrotizing extravasation (damage due to the leakage of intravenous drugs from the vein into the surrounding tissue).

We believe aldoxorubicin has attributes that may improve on doxorubicin, alone, which we sometimes refer to as native doxorubicin, including the potential to increase the total doxorubicin dose, reduce several of the adverse events associated with native doxorubicin, achieve increased drug concentration at tumor sites and improve efficacy.

Our postulated mechanism of action for aldoxorubicin is as follows:

- after administration, aldoxorubicin rapidly forms a covalent bond to circulating albumin through an acid-sensitive linker;
- circulating albumin preferentially accumulates in tumors, bypassing concentration in other non-tumor sites, including the heart, liver and gastrointestinal tract due to a mechanism called "Enhanced Permeability and Retention by Solid Tumors";
- once albumin-bound aldoxorubicin is taken up by the tumor, the acidic environment within the tumor and in the cancer cells themselves causes cleavage of the acid-sensitive linker; and
- free doxorubicin is then released in the tumor.

*Pre-clinical data*. In a variety of preclinical models, aldoxorubicin was superior to doxorubicin at equitoxic doses in its ability to allow an increase in the total doxorubicin dose, its antitumor efficacy and its safety, including a reduction in cardiotoxicity. Animal studies conducted by aldoxorubicin inventor Dr. Felix Kratz demonstrated statistically significant efficacy compared to both placebo and native doxorubicin against breast, ovarian, pancreatic and small cell lung cancers growing in immunodeficient mice.

We have also announced additional data from a study of aldoxorubicin in immunodeficient mice transplanted with human glioblastoma cells in their brain that showed those animals treated with aldoxorubicin had a median survival rate of more than 63 days, compared with approximately 25 days for animals treated with doxorubicin or saline. The data, published in the journal *Neoplasia* in October 2014, also indicated evidence of drug concentration inside tumors growing in the brain, but not in normal brain tissue, and significant tumor regression in aldoxorubicin-treated animals, while doxorubicin did not appear to enter the tumor or brain to any significant degree and showed little or no efficacy in the progression of these brain tumors. Aldoxorubicin significantly reduced the number of dividing cells within the brain tumors in this trial and showed a statistically relevant increased expression of apoptosis or cell death markers.

*Clinical data*. A Phase 1 study of aldoxorubicin that demonstrated safety and objective clinical responses in several tumor types was completed in 2005, presented at the March 2006 Krebskongress meeting in Berlin, Germany, and published in *Clinical Cancer Research* in August 2007. In this study, doses were administered every three weeks at up to six times the standard dose of doxorubicin without an increase in the types of side effects compared with those historically observed with native doxorubicin. Of 35 evaluable patients, 23 had either an objective clinical (partial) response or stable disease. Objective clinical responses were observed in patients with STS, breast and small cell lung cancers.

We completed a Phase 1b/2 clinical trial with aldoxorubicin in patients with advanced solid tumors who had either relapsed or failed to respond to their prior chemotherapy and presented favorable data at the American Society for Clinical Oncology Meeting in June 2012. In that Phase 1b/2 clinical trial, clinical benefit (defined as partial response or stable disease of more than four months) was shown in ten of 13 (76.9%) evaluable patients with relapsed or refractory STS. The median number of cycles of aldoxorubicin administered at the maximum tolerable dose was eight.  The results of this clinical trial were published online in October 2014 in the journal *Cancer*.

In addition, best responses for the 13 evaluable STS trial subjects included the following: five (38.5%) achieved partial response, as defined as shrinkage of target tumors of more than 30%; six (46%) showed prolonged stable disease (defined as tumor shrinkage <30% from baseline or tumor growth <20% from the nadir); eight (61.5%) had tumor shrinkage; and five of eight patients (62.5%) who demonstrated either partial responses or prolonged stable disease after treatment with aldoxorubicin had been previously treated with doxorubicin and had failed to respond. There were no observed cardiac toxicities and no drug-related patient deaths. The most common adverse event, neutropenia, also observed with doxorubicin treatment, resolved prior to the start of the next treatment. Final observed median PFS for advanced STS patients in the trial was 11.25 months, and median overall survival was 21.71 months (Publication in Cancer Oct 13 2014). In addition, following 8 cycles of aldoxorubicin, two patients experienced no progression of disease for 23 and 15 months, respectively, despite no further treatment.

In connection with our Phase 1b pharmacokinetics clinical trial evaluating the pharmacokinetics and safety of aldoxorubicin in patients with metastatic solid tumors who have either relapsed or not responded to treatment with standard therapies, we announced data demonstrating that aldoxorubicin has a distribution half-life of approximately 20 to 24 hours, with a narrow volume of distribution to healthy tissue and slow clearance from the circulation. These characteristics distinguish aldoxorubicin from doxorubicin, which has a distribution half-life of about five minutes according to its package insert.  Complete details from this Phase 1b trial were published online in the journal *Investigational New Drugs* in November 2014.

We recently completed our global Phase 2b clinical trial to evaluate the preliminary efficacy and safety of aldoxorubicin as a first-line therapy in patients with advanced STS who are ineligible for surgery, which was initiated in December 2011. The Phase 2b clinical trial provided the first direct clinical trial comparison of aldoxorubicin and native doxorubicin, which is dose-limited due to toxicity, as a first-line therapy.

The Phase 2b clinical trial with aldoxorubicin in patients with STS was an international trial in 31 treatment centers under the direction of Sant P. Chawla, M.D., F.R.A.C.P., Director of the Sarcoma Oncology Center in Santa Monica, California. The Phase 2b clinical trial's primary objectives were to measure the PFS, tumor response and overall survival of patients with advanced STS treated with aldoxorubicin. This clinical trial also assessed the safety of aldoxorubicin compared to doxorubicin in this patient population through a number of indicators, including the frequency and severity of adverse events.

In our 123-subject clinical trial, subjects with advanced STS were administered either 350 mg/m2 of aldoxorubicin (83 subjects) or 75 mg/m2 of doxorubicin (40 subjects) every three weeks for up to six cycles. Subjects were followed every six weeks with CT scans to monitor tumor size. The primary endpoint was PFS as determined by a blinded radiology review performed at an independent central radiology laboratory. Secondary endpoints included overall response rates (complete and partial) and PFS at six months for each group, and overall survival.

The central radiology review, as well as the investigators' own assessments, showed an 80% to 100% improvement in PFS among patients treated with aldoxorubicin. In an intent-to-treat analysis, the investigator-assessed median PFS was 8.4 months for aldoxorubicin patients versus 4.7 months for doxorubicin patients (p=0.0002), while the blinded central radiology review indicated that median PFS for aldoxorubicin patients was 5.7 months versus 2.8 months for doxorubicin patients (p=0.018). Per investigators, 67.1% of aldoxorubicin patients had not progressed at six months, compared with 36.1% of doxorubicin-treated patients (p=0.008). By blinded central radiology review, 46.8% of aldoxorubicin patients had not progressed at six months, compared with 23.7% of doxorubicin patients (p=0.038).

The overall response rate as determined by the investigators was 24.0% for aldoxorubicin subjects (2.7% complete response and 21.3% partial response) versus 5.3% for doxorubicin subjects (0% complete response and 5.3% partial response). As assessed by blinded central radiology review, 23.0% of aldoxorubicin subjects had a partial response while none of the doxorubicin subjects exhibited any objective response.

Additional analysis determined hazard ratios for the primary endpoint of PFS by both investigators at study sites and by the blinded radiology review. The hazard ratio for investigator-read scans is 0.37 (95% confidence interval, range of 0.212 to 0.643) (p=0.0004), reflecting a 63% reduction in the risk of disease progression for patients treated with aldoxorubicin; and the hazard ratio for central lab scans is 0.586 (95% confidence interval, range of 0.358 to 0.960) (p=0.034), reflecting a 41% reduction in the risk of disease progression for the aldoxorubicin-treated patients. Hazard ratios are an important measure of the reliability and uniformity of the data for PFS, and where the upper limit is less than one indicates that there is a significant difference between the two study groups.

We also reported that a Kaplan-Meier analysis of the trial results, which analysis describes the time it takes for tumors to progress in individual patients, showed significant improvement in subjects treated with aldoxorubicin versus subjects treated with doxorubicin.

The overall survival results from the clinical trial demonstrated a 27 percent reduction in the risk of death compared to patients treated with doxorubicin (HR 0.73: 95% confidence interval 0.44-1.20), the current standard-of-care in this indication. In addition, aldoxorubicin-treated patients demonstrated a 41% likelihood of surviving more than 2 years, a 2-fold increase, compared to a 20% probability for doxorubicin-treated patients. Median overall survival was 16.0 months (95% confidence interval 13.1-not reached) for aldoxorubicin-treated patients versus 14.4 months (95% confidence interval 8.7-20.9) for doxorubicin treated patients (p=0.21). For treatment-naive patients, representing 90% of the patients in the clinical trial, median overall survival was 16.0 months (95% confidence interval 13.1-not reached) for aldoxorubicin-treated patients versus 14.0 months (95% confidence interval 8.7-20.1) for doxorubicin treated patients (p=0.14).

In the Phase 2b clinical trial, aldoxorubicin was found to be relatively safe and well-tolerated. Subjects treated with aldoxorubicin had an approximately two-fold increase in severe neutropenia compared with doxorubicin-treated subjects, but there was no difference in the incidence of febrile neutropenia (indicating an infection may be present) between the two groups. All adverse events in subjects treated with aldoxorubicin were consistent with the known side effects of doxorubicin, usually resolved before the administration of the next dose and did not require treatment discontinuation. There were no treatment-related deaths in the aldoxorubicin group.

In the first quarter of 2014, we initiated a pivotal global Phase 3 clinical trial to evaluate the efficacy and safety of aldoxorubicin as a second-line treatment for patients with soft tissue sarcoma (STS) under a Special Protocol Assessment with the FDA. This multicenter, randomized, open-label Phase 3 clinical trial is designed to enroll approximately 400 patients with metastatic, locally advanced or unresectable soft tissue sarcomas who have either not responded to, or have progressed following treatment with, one or more systemic regimens of non-adjuvant chemotherapies. Trial patients will be randomized 1:1 to be treated with aldoxorubicin or the investigator's choice of an approved chemotherapeutic regimen, including doxorubicin, ifosfamide dacarbazine, pazopanib (Votrient®), or gemcitabine plus docetaxel, with up to three comparator regimens to be selected by the investigator at each clinical site. The primary endpoint of the study is progression-free survival (PFS), and secondary endpoints include overall survival, response rates and safety. In January 2014, the Company announced it has received approval from the FDA to amend the Phase 3 protocol to continue dosing patients with aldoxorubicin until disease progression (defined as an increase in the size of measurable tumors by 20% or the development of a new tumor lesion), which creates the potential for substantially improved Phase 3 efficacy results.

Following discussions with the FDA, the Phase 3 protocol has been agreed upon under a Special Protocol Assessment (SPA). As part of that assessment, the FDA agreed that the design and planned analysis of the study adequately addresses the objectives necessary to support a regulatory submission for approval.

The clinical trial will be conducted at approximately 85 clinical sites in the U.S., Europe, Canada, Latin America, Asia Pacific and Australia.

In September 2014, we initiated a global Phase 2b clinical trial evaluating aldoxorubicin compared to topotecan in subjects with extensive-stage small cell lung cancer (SCLC) who have relapsed or were refractory to prior chemotherapy. The open-label Phase 2b clinical trial is expected to enroll approximately 132 patients (1:1 randomization). The primary endpoint is PFS and the secondary endpoints are OS, overall response rates (partial and complete) and the safety of aldoxorubicin compared to topotecan in this population. The study is expected to involve approximately 40 clinical trial sites in the U.S., Spain, Italy and Hungary.

We are conducting a Phase 2 clinical trial to evaluate the preliminary efficacy and safety of aldoxorubicin in patients with unresectable glioblastoma whose tumors have progressed following prior treatment with surgery, radiation and with the drug temozolomide. The clinical trial is expected to enroll approximately 28 patients at sites including the John Wayne Cancer Center in Santa Monica, California, City of Hope in Duarte, California, and the LSU Medical Center in New Orleans, Louisiana.

We are conducting a Phase 2 clinical trial evaluating the preliminary efficacy of aldoxorubicin in patients with AIDS-related Kaposi's sarcoma, a tumor usually associated with HIV infection in the U.S. The current standard-of-care for severe dermatological and systemic Kaposi's sarcoma is liposomal doxorubicin (Doxil); however, a significant proportion of patients exhibit minimal or no clinical response to this agent, and the drug's toxicity often prevents continued therapy. The Phase 2 trial is expected to enroll up to 30 patients and is being conducted at the LSU Medical Center in New Orleans, Louisiana.

We are also conducting a Phase 1b trial in combination with ifosfamide in patients with soft tissue sarcoma, and a Phase 1b trial in combination with gemcitabine in subjects with metastatic solid tumors. Since most chemotherapy agents are administered in combination with other chemotherapeutics, these studies will demonstrate the dose of aldoxorubicin that can be safely combined with two other chemotherapies that are commonly used to treated patients with sarcomas, pancreatic cancer, ovarian cancer and lung cancer.

***Drug Discovery Laboratory***

In October 2014, we commenced operations at our new discovery laboratory, located in Freiburg, Germany. The new laboratory is conducting discovery and translational research to create drug candidates that utilize novel linker technologies that couple chemotherapeutic agents and proteins either inside the body or externally, and then concentrate drug in tumors. Led by Felix Kratz, Ph.D., Vice President of Drug Discovery and inventor of aldoxorubicin, and Andre Warnecke, Ph.D., Senior Director of Drug Discovery, the discovery team is working to expand our novel albumin-binding anti-cancer drug pipeline using linkers that could also be successfully used to create antibody-drug conjugates.

**Disposition of Molecular Chaperone Assets**

Until 2011, we owned the rights to two drug candidates, arimoclomol and iroxanadine, based on molecular chaperone regulation technology that were designed to repair or degrade mis-folded proteins associated with disease. On May 13, 2011, we sold all pre-clinical and clinical data, intellectual property rights and other assets relating to those compounds to Orphazyme ApS in exchange for a cash payment of $150,000 and the right to receive various future payments that are contingent upon the achievement of specified regulatory and business milestones, as well as royalty payments based on a specified percentage of any eventual net sales of products derived from the assets.

**Innovive Acquisition Agreement**

On September 19, 2008, we completed our merger acquisition of Innovive Pharmaceuticals, Inc., or Innovive, and its clinical-stage cancer product candidates, including aldoxorubicin and tamibarotene. Under the merger agreement by which we acquired Innovive, we agreed to pay the former Innovive stockholders up to approximately $18.3 million of future earnout merger consideration, subject to our achievement of specified net sales under the Innovive license agreements. The earnout merger consideration, if any, will be payable in shares of our common stock, subject to specified conditions, or, at our election, in cash or by a combination of shares of our common stock and cash. Our common stock will be valued for purposes of any future earnout merger consideration based upon the trading price of our common stock at the time the earnout merger consideration is paid. The earnout will be accrued if and when earned.

**Research and Development**

Expenditures for research and development activities related to continuing operations were $36.7 million, $17.5 million and $12.7 million for the years ended December 31, 2014, 2013 and 2012, respectively, or approximately 74%, 63% and 60%, respectively, of our total expenses. For further information regarding our research and development activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" below.

**Manufacturing**

We do not have the facilities or expertise to manufacture supplies of aldoxorubicin or any of our other product candidates, and we lack the resources and capability to manufacture any of our product candidates on a clinical or commercial scale. Accordingly, we are dependent upon third-party manufacturers, or potential future strategic alliance partners, to manufacture these supplies. We have manufacturing supply arrangements in place with respect to a portion of the clinical supplies needed for the clinical development programs for aldoxorubicin. However, we have no supply arrangements for the commercial manufacture of aldoxorubicin or any manufacturing supply arrangements for any other potential product candidates, and we may not be able to secure needed supply arrangements on attractive terms, or at all. Our failure to secure these arrangements as needed could have a material adverse effect on our ability to complete the development of our products or to commercialize them.

**Commercialization and Marketing**

We currently have no sales, marketing or commercial product distribution capabilities or experience in marketing products. If aldoxorubicin is approved, we expect to commercialize it in the United States with our own specialty sales force.

We have not yet defined our commercial strategy for aldoxorubicin for markets outside the United States, which strategy may include the use of strategic partners, distributors, a contract sales force or the establishment of our own sales force. We plan to further evaluate these alternatives as we approach approval for aldoxorubicin.

As additional product candidates advance through our pipeline, our commercial plans may change. In particular, some of our pipeline assets target potentially large solid tumor indications. Factors such as clinical data, the size of the development programs, the size of the target market, the size of a commercial infrastructure, and manufacturing needs may influence our strategies in the United States, the European Union, and other territories.

**Patents and Proprietary Technology**

We actively seek patent protection for our technologies, processes, uses, and ongoing improvements and consider our patents and other intellectual property to be critical to our business. We regularly evaluate the patentability of new inventions and improvements developed by us or our collaborators, and, whenever appropriate, will endeavor to file U.S. and international patent applications to protect these new inventions and improvements. We cannot be certain that any of the current pending patent applications we have filed or licensed, or any new patent applications we may file or license, will ever be issued in the U.S. or any other country. There also is no assurance that any issued patents will be effective to prevent others from using our products or processes. It is also possible that any patents issued to us, as well as those we have licensed or may license in the future, may be held invalid or unenforceable by a court, or third parties could obtain patents that we would need to either license or to design around, which we may be unable to do. Current and future competitors may have licensed or filed patent applications or received patents, and may acquire additional patents and proprietary rights relating to compounds, products or processes that may be competitive with ours.

In addition to patent protection, we attempt to protect our proprietary products, processes and other information by relying on trade secrets and non-disclosure agreements with our employees, consultants and certain other persons who have access to such products, processes and information. Under the agreements, all inventions conceived by employees are our exclusive property, but there is no assurance that these agreements will afford significant protection against misappropriation or unauthorized disclosure of our trade secrets and confidential information.

As of March 9, 2015, we hold rights in four granted U.S. patents, 55 granted foreign patents, one pending U.S. application, two pending international applications (PCT), and nine pending foreign patent applications covering aldoxorubicin and related technologies. Our intellectual property holdings relating to aldoxorubicin and related technologies include an exclusive license from KTB Tumorforschungs GmbH to U.S. and foreign patents and patent applications. Patents and applications that cover pharmaceutical compositions of aldoxorubicin, processes for their production, and their use in treatment methods (e.g., cancer, (including glioblastoma), viral diseases, autoimmune diseases, and acute or chronic inflammatory diseases) have unextended patent terms expiring between June 2020 and June 2034.

**LICENSE AGREEMENTS**

*Aldoxorubicin*

We have an agreement with KTB Tumorforschungs GmbH, or KTB, for the license of patent rights held by KTB for the worldwide development and commercialization of aldoxorubicin. The license is exclusive and worldwide, applies to all products that may be subject to the licensed intellectual property and may be used in all fields of use. We may sublicense the intellectual property in our sole discretion. Pursuant to an amendment to the license agreement entered into in March 2014, we also have a non-exclusive worldwide license to any additional technology that is claimed or disclosed in the licensed patents and patent applications for use in the field of oncology.

Under the agreement, we must make payments to KTB in the aggregate of up to $7.5 million upon meeting clinical and regulatory milestones, and up to and including the product's second final marketing approval. We also agreed to pay:

- commercially reasonable royalties based on a percentage of net sales (as defined in the agreement);
- a percentage of any non-royalty sub-licensing income (as defined in the agreement); and
- milestones of $1 million for each additional final marketing approval that we obtain.

Pursuant to the March 2014 license amendment, we additionally agreed to make a $500,000 milestone payment upon first dosing of a patient in a first phase I clinical trial for each product using the additional technology. In the event that by February 28, 2017, no such payment has become due, we have agreed to pay KTB $500,000, which payment can be made, in our discretion, in cash or in shares of our common stock. If we elect to make the payment in shares of common stock, our shares will be valued at the volume-weighted average price (VWAP) over the preceding 60 trading days, to be calculated on February 28, 2017.

In the event that we must pay a third party in order to exercise our rights to the intellectual property under the agreement, we are entitled to deduct a percentage of those payments from the royalties due KTB, up to an agreed upon cap.

Under the agreement with KTB, we must use commercially reasonable efforts to conduct the research and development activities we determine are necessary to obtain regulatory approval to market aldoxorubicin in those countries that we determine are commercially feasible. Under the agreement, KTB is to use its commercially reasonable efforts to provide us with access to suppliers of the active pharmaceutical ingredient, or API, of aldoxorubicin, on the same terms and conditions as may be provided to KTB by those suppliers.

The agreement will expire on a product-by-product basis upon the expiration of the subject patent rights. We have the right to terminate the agreement on 30 days' notice, provided we pay a cash penalty to KTB. KTB may terminate the agreement if we are in breach and the breach is not cured within a specified cure period, or if we fail to use diligent and commercial efforts to meet specified clinical milestones.

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**Competition**

Aldoxorubicin is a conjugate of doxorubicin, a widely used anti-cancer drug. Doxorubicin is part of the anthracycline class of chemotherapy agents. Anthracyclines, many of which, including doxorubicin are generic, have been used throughout the world to treat various cancers for several decades. Due to their track record of broad anti-cancer activity, new types of anthracyclines and modified or reformulated versions continue to be developed to overcome toxicities which limit the use of these drugs.

Aldoxorubicin is a chemically modified version of doxorubicin that incorporates an acid sensitive linker technology to improve concentration in the tumor. We believe that the albumin-binding ability of aldoxorubicin will allow the compound to overcome many of the side effect issues typically associated with anthracyclines. We also believe that using albumin as a targeted carrier will allow for higher dosing, greater concentration of the drug in tumors and greater efficacy.

STS patients are typically treated with surgery followed by radiation therapy. For patients ineligible for surgery, radiation or chemotherapy, or both, is the only option. Doxorubicin is the only approved first-line drug for treating STS patients who are ineligible for surgery and is often used in combination with radiation. The National Comprehensive Cancer Network also includes the use of ifosfamide, epirubicin, gemcitabine, gemcitabine with docetaxel, dacarbazine and liposomal doxorubicin marketed in the United States as Doxil® by Johnson & Johnson. GlaxoSmithKline's pazopanib (Votrient®) was approved in the United States and Europe in 2012 for the treatment of certain types of advanced STS following prior chemotherapy. There are other approaches to treating STS in clinical development, including Threshold Pharmaceuticals' TH-302 currently in a Phase 3 clinical trial and Tracon Pharmaceuticals' TRC-105 in combination with pazopanib. In November 2014, the Janssen unit of Johnson & Johnson submitted a new drug application (NDA) to the United States FDA for trabectedin (Yondelis®) for the treatment of patients with advanced soft tissue sarcomas including leiomyosarcoma and liposarcoma, that have previously received an anthracycline and ifosfamide or an anthracycline followed by another chemotherapy. The US FDA granted a priority review for the trabectedin NDA in February 2015. Trabectedin is being co-developed by Johnson & Johnson and PharmaMar. In February 2015, Eisai announced that eribulin (Halaven®) met the primary endpoint of overall survival in patients with either adipocytic or leiomyosarcoma following prior treatment with an anthracycline and at least one additional regimen.

Patients with glioblastoma multiforme, or GBM, generally undergo invasive brain surgery, although disease progression following surgery is nearly 100%. The front-line therapy for GBM following surgery is radiation in combination with temozolomide (Temodar®). Bevacizumab (Avastin®) has been approved for the treatment of GBM in patients progressing after prior therapy. Drugs in development to treat GBM include rindopepimut by Celldex Therapeutics, nivolumab by Bristol-Myers Squibb, DCVax by Northwest Biotherapeutics, TRC105 from Tracon Pharmaceuticals, veliparib by AstraZeneca and buparlisib by Novartis.

Treatment for newly diagnosed small cell lung cancer (SCLC) typically consists of cisplatin or carboplatin in combination with etoposide. Radiation may also be given for extensive-stage disease. While first-line treatment can yield overall response rates of 50-80%, the duration of response is often less than 90 days. For recurrent SCLC, topotecan (Hycamtin®) is standard therapy. SCLC patients who are sensitive to first-line treatment may receive topotecan or the generic chemotherapeutic drugs irinotecan, taxanes, gemcitabine or vinorelbine. Drugs in development for second-line SCLC include Bristol-Myers Squibb's ipilumimab (Yervoy®) and SC16LD6.5 by Stem CentRx, Inc.

Kaposi's sarcoma is generally treated with radiation, surgery and/or liposomal doxorubicin. Liposomal daunorubicin (DaunoXome®, Galen US), with or without paclitaxel, is also recommended as treatment for advanced disease. Other drugs in development for Kaposi's sarcoma include selumetinib by AstraZeneca and pomalidamide by Celgene.

Many companies, including large pharmaceutical and biotechnology firms with financial resources, research and development staffs, and facilities that may be substantially greater than those of ours or our strategic partners or licensees, are engaged in the research and development of pharmaceutical products that could compete with our potential products. To the extent that we seek to acquire, through license or otherwise, existing or potential new products, we will be competing with numerous other companies, many of which will have substantially greater financial resources, large acquisition and research and development staffs that may give those companies a competitive advantage over us in identifying and evaluating these drug acquisition opportunities. Any products that we acquire will be competing with products marketed by companies that in many cases will have substantially greater marketing resources than we have. The industry is characterized by rapid technological advances and competitors may develop their products more rapidly and such products may be more effective than those currently under development or that may be developed in the future by our strategic partners or licensees. Competitive products for a number of the disease indications that we have targeted are currently being marketed by other parties, and additional competitive products are under development and may also include products currently under development that we are not aware of or products that may be developed in the future.

**Government Regulation**

The United States and other developed countries extensively regulate the preclinical and clinical testing, manufacturing, labeling, storage, record-keeping, advertising, promotion, export, marketing and distribution of drugs and biologic products. The FDA, under the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act and other federal statutes and regulations, regulates pharmaceutical and biologic products.

To obtain approval of our product candidates from the FDA, we must, among other requirements, submit data supporting safety and efficacy for the intended indication as well as detailed information on the manufacture and composition of the product candidate. In most cases, this will require extensive laboratory tests and preclinical and clinical trials. The collection of these data, as well as the preparation of applications for review by the FDA involve significant time and expense. The FDA also may require post-marketing testing to monitor the safety and efficacy of approved products or place conditions on any approvals that could restrict the therapeutic claims and commercial applications of these products. Regulatory authorities may withdraw product approvals if we fail to comply with regulatory standards or if we encounter problems at any time following initial marketing of our products.

The first stage of the FDA approval process for a new drug involves completion of preclinical studies and the submission of the results of these studies to the FDA. These data, together with proposed clinical protocols, manufacturing information, analytical data and other information submitted to the FDA, in an investigational new drug application, or IND, must become effective before human clinical trials may commence. Preclinical studies generally involve FDA regulated laboratory evaluation of product characteristics and animal studies to assess the efficacy and safety of the product candidate.

After the IND becomes effective, a company may commence human clinical trials. These are typically conducted in three sequential phases, but the phases may overlap. Phase 1 trials consist of testing of the product candidate in a small number of patients or healthy volunteers, primarily for safety at one or more doses. Phase 2 trials, in addition to safety, evaluate the efficacy of the product candidate in a patient population somewhat larger than Phase 1 trials. Phase 3 trials typically involve additional testing for safety and clinical efficacy in an expanded population at multiple test sites. A company must submit to the FDA a clinical protocol, accompanied by the approval of the Institutional Review Boards at the institutions participating in the trial, prior to commencement of each clinical trial.

To obtain FDA marketing authorization, a company must submit to the FDA the results of the preclinical and clinical testing, together with, among other things, detailed information on the manufacture and composition of the product candidate, in the form of a new drug application, or NDA.

The amount of time taken by the FDA for approval of an NDA will depend upon a number of factors, including whether the product candidate has received priority review, the quality of the submission and studies presented, the potential contribution that the compound will make in improving the treatment of the disease in question, and the workload at the FDA.

The FDA may, in some cases, confer upon an investigational product the status of a fast-track product. A fast-track product is defined as a new drug or biologic intended for the treatment of a serious or life-threatening condition that demonstrates the potential to address unmet medical needs for this condition. The FDA can base approval of an NDA for a fast-track product on an effect on a surrogate endpoint, or on another endpoint that is reasonably likely to predict clinical benefit. If a preliminary review of clinical data suggests that a fast-track product may be effective, the FDA may initiate review of entire sections of a marketing application for a fast-track product before the sponsor completes the application.

We anticipate that our products will be manufactured by our strategic partners, licensees or other third parties. Before approving an NDA, the FDA will inspect the facilities at which the product is manufactured and will not approve the product unless the manufacturing facilities are in compliance with the FDA's cGMP, which are regulations that govern the manufacture, holding and distribution of a product. Our manufacturers also will be subject to regulation under the Occupational Safety and Health Act, the National Environmental Policy Act, the Nuclear Energy and Radiation Control Act, the Toxic Substance Control Act and the Resource Conservation and Recovery Act. Following approval, the FDA periodically inspects drug and biologic manufacturing facilities to ensure continued compliance with the good manufacturing practices regulations. Our manufacturers will have to continue to comply with those requirements. Failure to comply with these requirements subjects the manufacturer to possible legal or regulatory action, such as suspension of manufacturing or recall or seizure of product. Adverse patient experiences with the product must be reported to the FDA and could result in the imposition of marketing restrictions through labeling changes or market removal. Product approvals may be withdrawn if compliance with regulatory requirements is not maintained or if problems concerning safety or efficacy of the product occur following approval.

The labeling, advertising, promotion, marketing and distribution of a drug or biologic product also must be in compliance with FDA and Federal Trade Commission requirements which include, among others, standards and regulations for off-label promotion, industry sponsored scientific and educational activities, promotional activities involving the internet, and direct-to-consumer advertising. We also will be subject to a variety of federal, state and local regulations relating to the use, handling, storage and disposal of hazardous materials, including chemicals and radioactive and biological materials. In addition, we will be subject to various laws and regulations governing laboratory practices and the experimental use of animals. In each of these areas, as above, the FDA has broad regulatory and enforcement powers, including the ability to levy fines and civil penalties, suspend or delay issuance of product approvals, seize or recall products, and deny or withdraw approvals.

We will also be subject to a variety of regulations governing clinical trials and sales of our products outside the U.S. Whether or not FDA approval has been obtained, approval of a product candidate by the comparable regulatory authorities of foreign countries and regions must be obtained prior to the commencement of marketing the product in those countries. The approval process varies from one regulatory authority to another and the time may be longer or shorter than that required for FDA approval. In the European Union, Canada and Australia, regulatory requirements and approval processes are similar, in principle, to those in the U.S.

**Employees**

As of March 9, 2015, we had 26 employees, nine of whom were engaged in clinical development activities, eight of whom were engaged in preclinical research at our Freiburg, Germany laboratory, and nine of whom were involved in management and administrative operations.

**Available Information**

We maintain a website at www.cytrx.com and make available there, free of charge, our periodic reports filed with the Securities and Exchange Commission, or SEC, as soon as is reasonably practicable after filing. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at http:/www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers such as us that file electronically with the SEC. Among other things, we post on our website our Code of Business Conduct and Ethics.

## Item 1A. RISK FACTORS

**Risks Associated With Our Business**

***We have operated at a loss and will likely continue to operate at a loss for the foreseeable future.***

We have operated at a loss due to our ongoing expenditures for research and development of our product candidates and for general and administrative purposes, and lack of significant recurring revenues. We incurred a net loss of $30.1 million for the year ended December 31, 2014, $47.5 million for the year ended December 31, 2013 and $18.0 million for the year ended December 31, 2012. We had an accumulated deficit as of December 31, 2014 of $306.5 million. We are likely to continue to incur losses unless and until we are able to commercialize aldoxorubicin or one or more of our other existing or possible future product candidates. These losses, among other things, have had and will continue to have an adverse effect on our stockholders' equity and working capital. Because of the numerous risks and uncertainties associated with our product development efforts, we are unable to predict when we may become profitable, if at all. If we do not become profitable or are unable to maintain future profitability, the market value of our common stock will be adversely affected.

***Because we have no source of significant recurring revenue, we must depend on financing to sustain our operations.***

Developing products and conducting clinical trials require substantial amounts of capital. To date, we have relied primarily upon proceeds from sales of our equity securities and proceeds from the exercise of options and warrants to generate funds needed to finance our business and operations. We will need to raise additional capital to, among other things:

- fund our clinical trials and pursue regulatory approval of aldoxorubicin and our other existing and possible future product candidates;
- expand our research and development activities;
- finance our general and administrative expenses;
- acquire or license new technologies;
- prepare, file, prosecute, maintain, enforce and defend our patent and other proprietary rights; and
- develop and implement sales, marketing and distribution capabilities to successfully commercialize any product for which we obtain marketing approval and choose to market ourselves.

Our revenue was $0.1 million, $0.3 million and $0.1 million, respectively, for the years ended December 31, 2014, 2013 and 2012. We will have no significant recurring revenue unless we are able to commercialize aldoxorubicin, our lead product candidate, or one or more of our existing or possible future product candidates, which may require us to first enter into license or other strategic arrangements with third parties.

At December 31, 2014, we had cash and cash equivalents of approximately $32.2 million and short-term investments of $45.6 million. Management believes that our current resources will be sufficient to fund our operations for the foreseeable future. The belief is based, in part, upon our currently projected expenditures for 2015 of approximately $58.6 million, which includes approximately $43.9 million for our clinical programs for aldoxorubicin, approximately $2.0 million for pre-clinical development of new albumin-binding cancer drugs, approximately $3.8 million for general operation of our clinical programs and approximately $8.9 million for other general and administrative expenses. These projected expenditures are based upon numerous assumptions and subject to many uncertainties, and our actual expenditures may be significantly different from these projections.

If we obtain marketing approval and successfully commercialize aldoxorubicin, or other product candidate, we anticipate it will take a minimum of two years, and likely longer, for us to generate significant recurring revenue, and we will be dependent on future financing until such time, if ever, as we can generate significant recurring revenue. We have no commitments from third parties to provide us with any additional financing, and we may not be able to obtain future financing on favorable terms, or at all. Failure to obtain adequate financing would adversely affect our ability to operate as a going concern. If we raise additional funds by issuing equity securities, dilution to stockholders may result and new investors could have rights superior to holders of the shares issued in this offering. In addition, debt financing, if available, may include restrictive covenants. If adequate funds are not available to us, we may have to liquidate some or all of our assets or to delay or reduce the scope of or eliminate some portion or all of our development programs or clinical trials. We also may have to license to other companies our product candidates or technologies that we would prefer to develop and commercialize ourselves.

***If we do not achieve our projected development goals in the time frames we estimate, the commercialization of our products may be delayed and our business prospects may suffer. Our financial projections also may prove to be materially inaccurate.***

From time to time, we estimate the timing of the accomplishment of various scientific, clinical, regulatory and other product development goals, which we sometimes refer to as milestones. These milestones may include the commencement or completion of scientific studies and clinical trials and the submission of regulatory filings such as the discussion in this prospectus supplement of the expected timing of certain milestones relating to our aldoxorubicin clinical development programs.

We also may disclose projected expenditures or other forecasts for future periods. These and other financial projections are based on management's current expectations and do not contain any margin of error or cushion for any specific uncertainties, or for the uncertainties inherent in all financial forecasting.

The actual timing of milestones and actual expenditures or other financial results can vary dramatically compared to our estimates, in some cases for reasons beyond our control. If we do not meet milestones or financial projections as announced from time to time, the development and commercialization of our products may be delayed and our business prospects may suffer. The assumptions management has used to produce these projections may significantly change or prove to be inaccurate. Accordingly, you should not unduly rely on any of these financial projections.

***The regulatory approval process is lengthy, time consuming and inherently unpredictable, and if our products are not successfully developed and approved by the FDA or foreign regulatory authorities, we may be forced to reduce or curtail our operations.***

All of our product candidates in development must be approved by the FDA or corresponding foreign governmental agencies before they can be marketed. The process for obtaining FDA and foreign government approvals is both time-consuming and costly, with no certainty of a successful outcome. This process typically includes the conduct of extensive pre-clinical and clinical testing, including post-approval testing, which may take longer or cost more than we or our licensees, if any, anticipate, and may prove unsuccessful due to numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate.

Numerous factors could affect the timing, cost or outcome of our product development efforts, including the following:

- difficulty in enrolling patients in conformity with required protocols or projected timelines;
- requirements for clinical trial design imposed by the FDA;
- unexpected adverse reactions by patients in trials;
- difficulty in obtaining clinical supplies of the product;
- changes in or our inability to comply with FDA or foreign governmental product testing, manufacturing or marketing requirements;
- regulatory inspections of clinical trials or manufacturing facilities, which may, among other things, require us or our manufacturers or licensees to undertake corrective action or suspend or terminate the affected clinical trials if investigators find them not to be in compliance with applicable regulatory requirements;
- inability to generate statistically significant data confirming the safety and efficacy of the product being tested;
- modification of the product during testing; and
- reallocation of our limited financial and other resources to other clinical programs.

On October 1, 2013, the U.S. federal government suspended services deemed non-essential as a result of the failure by Congress to enact regular appropriations for the 2014 fiscal year. If another similar or more prolonged shutdown were to occur, it could result in significant delays in the FDA's ability to timely review and process any submissions we have filed or may file, or cause other regulatory delays affecting our development or commercial operations, which delays could have a material adverse effect on our business.

It is possible that none of the product candidates we develop will obtain the regulatory approvals necessary for us to begin selling them. The time required to obtain FDA and foreign governmental approvals is unpredictable, but often can take years following the commencement of clinical trials, depending upon the complexity of the product candidate. Any analysis we perform on data from clinical activities is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. In addition, even if we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Furthermore, even if we obtain regulatory approvals, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, import, export, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with current good manufacturing practices, or cGMPs, and good clinical practices, or cGCPs, for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our strategic partners, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

The FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business. We will also be subject to periodic inspections and the potential for mandatory post-approval clinical trials required by the FDA and other U.S. and foreign regulatory authorities. Any delay or failure in obtaining required approvals or to comply with post-approval regulatory requirements could have a material adverse effect on our ability to generate revenue from the particular product candidate. The failure to comply with any post-approval regulatory requirements also could result in the rescission of the related regulatory approvals or the suspension of sales of the offending product.

***Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. Our current and planned clinical trials of our lead product candidate may fail to show that it is clinically safe and effective, or that it is better than alternative treatments.***

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. Product candidates in later stages of clinical development may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or safety profiles, notwithstanding promising results in earlier trials. For example, aldoxorubicin has shown encouraging preliminary clinical results in our Phase 2b clinical trial as a treatment for STS; however, these conclusions may not be reproduced in future clinical trial results, including the Phase 3 clinical trial testing aldoxorubicin as a treatment for STS. Accordingly, we, or any development partners, may ultimately be unable to provide the FDA with satisfactory data on clinical safety and efficacy sufficient to obtain FDA approval of aldoxorubicin for any indication.

Further, we may experience delays in clinical trials of our product candidates. We do not know whether ongoing clinical trials will be completed on schedule or at all, or whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including delays related to:

- obtaining regulatory approval to commence a trial;
- reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- obtaining institutional review board approval at each clinical trial site;
- recruiting suitable patients to participate in a trial;
- having patients complete a trial or return for post-treatment follow-up;
- clinical trial sites deviating from trial protocol or dropping out of a trial;
- adding new clinical trial sites; or
- manufacturing sufficient quantities of product candidate for use in clinical trials.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating. Furthermore, we rely on third parties, such as CROs and clinical trial sites, to ensure the proper and timely conduct of our clinical trials and while we have agreements governing their committed activities, we have limited influence over their actual performance.

We could encounter delays if prescribing physicians encounter unresolved ethical issues associated with enrolling patients in clinical trials of our product candidates in lieu of prescribing existing treatments that have established safety and efficacy profiles. Further, a clinical trial may be suspended or terminated by us, our collaborators, the institutional review boards, or IRBs, if the institutions in which such trials are being conducted, the Data Safety Monitoring Board, or DSMB, for such trial, or by the FDA or other regulatory authorities due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

***Our SPA with the FDA for our pivotal study of aldoxorubicin does not guarantee marketing approval in the United States.***

We have an SPA with the FDA for the pivotal trial of aldoxorubicin for the treatment of STS. The SPA means that the FDA agrees that the design and analyses proposed in a protocol are acceptable to support regulatory approval of the product candidate with respect to effectiveness of the indication studied, and will not subsequently change its perspective on these matters, unless a previously unrecognized public or human health concern were to arise or we subsequently modify the protocol. Even under an SPA, marketing approval by the FDA is not guaranteed, because a final determination that the agreed-upon protocol satisfies a specific objective, such as the demonstration of efficacy and safety (positive benefit-risk ratio), or supports an approval decision, will be based on a complete review of all the data submitted to the FDA.

***We are, and in the future may be, subject to legal or administrative actions that could adversely affect our results of operations and our business.***

Claims have been threatened and have been brought against the Company and its officers and/or directors for alleged violations of the securities laws. Adverse outcomes with respect to some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect the Company's ability to conduct its business. Defending a lawsuit can be expensive and can divert the attention of key employees from operating the Company's business. Litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on the Company's financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

***Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.***

Undesirable side effects caused by our product candidates could result in the delay, suspension or termination of our clinical trials by us, our collaborators, IRBs, the FDA or other regulatory authorities. If we elect or are required to delay, suspend or terminate any clinical trial of any product candidates that we develop, the commercial prospects of such product candidates will be harmed and our ability to generate product revenues from any of these product candidates will be delayed or eliminated. Any of these occurrences may harm our business, financial condition and prospects significantly.

To date, patients treated with aldoxorubicin have experienced some of the same drug-related side effects associated with doxorubicin, including myelosuppression (decreased production of blood cells by bone marrow), gastrointestinal disorders (nausea and vomiting), mucositis (inflammation of the mucous membranes lining the digestive tract, including the mouth), stomatitis (inflammation of the mouth's soft tissue), fatigue, fever and other signs of infection associated with neutropenia (an abnormally low count of a type of white blood cells) and alopecia (hair loss). Results of our trials could reveal an unacceptable incidence of these or other side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. In addition, the drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

Furthermore, if we or others later identify undesirable side effects caused by the product, a number of potentially significant negative consequences could result, including:

- If our product candidates receive marketing approval, the FDA could require us to adopt a Risk Evaluation and Mitigation Strategy to ensure that the benefits of any approved product candidate outweigh its risks;
- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label;
- we may be required to create a medication guide outlining the risks of such side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of aldoxorubicin or the particular product candidate at issue, if approved, and could significantly harm our business, results of operations and prospects.

***We rely on third parties to conduct our preclinical and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we and our collaborators may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.***

We have agreements with third-party CROs to monitor and manage data for our preclinical and clinical programs. We rely heavily on these parties for execution of our preclinical and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on CROs does not relieve us of our regulatory responsibilities. We and our CROs are required to comply with cGCPs, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for products in clinical development. Regulatory authorities enforce these cGCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of these CROs fails to comply with applicable cGCP regulations, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, such regulatory authorities will determine that any of our clinical trials comply with the cGCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations, and will require a large number of test subjects. Our or our CROs' failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing preclinical and clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our financial results and the commercial prospects for aldoxorubicin would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Switching or adding additional CROs involves substantial cost and requires extensive management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

***We rely upon third parties for the manufacture of our clinical product supplies, and we intend to rely on third parties to produce commercial supplies of any approved product candidate, and our commercialization of any product candidates, including aldoxorubicin, could be stopped, delayed or made less profitable if those third parties fail to obtain approval of the FDA, fail to provide us with sufficient quantities of drug product or fail to do so at acceptable quality levels or prices.***

We do not have the facilities or expertise to manufacture supplies of aldoxorubicin or any of our other product candidates, and we lack the resources and capability to manufacture any of our product candidates on a clinical or commercial scale. Accordingly, we are dependent upon third-party manufacturers, or potential future strategic alliance partners, to manufacture these supplies. We have manufacturing supply arrangements in place with respect to a portion of the clinical supplies needed for the clinical development programs for aldoxorubicin. However, we have no supply arrangements for the commercial manufacture of this product candidate or any manufacturing supply arrangements for any other potential product candidates, and we may not be able to secure needed supply arrangements on attractive terms, or at all. Our failure to secure these arrangements as needed could have a materially adverse effect on our ability to complete the development of our products or to commercialize them.

The facilities used by our contract manufacturers to manufacture our product candidates must be approved by the FDA pursuant to inspections that will be completed after we submit our NDA to the FDA. We do not control the manufacturing process of aldoxorubicin and are completely dependent on our contract manufacturing partners for compliance with the FDA's requirements for manufacture of aldoxorubicin. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's strict regulatory requirements, they will not be able to secure and/or maintain FDA approval for the manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates.

If aldoxorubicin, our lead product candidate, or our other product candidates cannot be manufactured in suitable quantities and in accordance with regulatory standards, our clinical trials, regulatory approvals and marketing efforts for such products may be delayed. Such delays could adversely affect our competitive position and our chances of generating significant recurring revenues. If any of our products that are approved for marketing cannot be manufactured at an acceptable cost, the commercial success of such product candidates may be adversely affected.

***We may rely upon third parties in connection with the commercialization of our products.***

The completion of the development of aldoxorubicin or our other product candidates, as well as marketing and commercialization, may require us to enter into strategic alliances or other collaborative arrangements with other pharmaceutical companies under which those companies will be responsible for one or more aspects of the eventual marketing and commercialization of our products.

Our products, if approved for marketing, may not have sufficient potential commercial value to enable us to secure strategic arrangements with suitable companies on attractive terms, or at all. If we are unable to enter into such arrangements, we may not have the financial or other resources to complete the development of any of our products and may have to sell our rights in them to a third party or abandon their development altogether.

To the extent we enter into collaborative arrangements, we will be dependent upon the timeliness and effectiveness of the development and marketing efforts of our contractual partners. If these companies do not allocate sufficient personnel and resources to these efforts or encounter difficulties in complying with applicable FDA and other regulatory requirements, we may not obtain regulatory approvals as planned, if at all, and the timing of receipt or the amount of revenue from these arrangements may be materially and adversely affected. By entering into these arrangements rather than completing the development and then marketing these products on our own, the profitability to us of these products may decline.

***We may be unable to protect our intellectual property rights, which could adversely affect our ability to compete effectively.***

We will be able to protect our technologies from unauthorized use by third parties only to the extent that we have rights to valid and enforceable patents or other proprietary rights that cover them. Although we have rights to patents and patent applications directed to aldoxorubicin and other product candidates, these patents and applications may not prevent third parties from developing or commercializing similar or identical technologies. In addition, our patents may be held to be invalid if challenged by third parties, and our patent applications may not result in the issuance of patents.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in biotechnology patents has emerged to date in the United States and in many foreign countries. The application and enforcement of patent laws and regulations in foreign countries is even more uncertain. Accordingly, we may not be able to effectively file, protect or defend our proprietary rights on a consistent basis. Many of the patents and patent applications on which we rely were issued or filed by third parties prior to the time we acquired rights to them. The validity, enforceability and ownership of those patents and patent applications may be challenged, and if a court decides that our patents are not valid, we will not have the right to stop others from using our inventions. There is also the risk that, even if the validity of our patents is upheld, a court may refuse to stop others on the ground that their activities do not infringe our patents.

Any litigation brought by us to protect our intellectual property rights could be costly and have a material adverse effect on our operating results or financial condition, make it more difficult for us to enter into strategic alliances with third parties to develop our products, or discourage our existing licensees from continuing their development work on our potential products. If our patent coverage is insufficient to prevent third parties from developing or commercializing similar or identical technologies, the value of our assets is likely to be materially and adversely affected.

We also rely on certain proprietary trade secrets and know-how, especially where we believe patent protection is not appropriate or obtainable. However, trade secrets and know-how are difficult to protect. Although we have taken measures to protect our unpatented trade secrets and know-how, including the use of confidentiality and invention assignment agreements with our employees, consultants and some of our contractors, it is possible that these persons may disclose our trade secrets or know-how or that our competitors may independently develop or otherwise discover our trade secrets and know-how.

***If our product candidates infringe the rights of others, we could be subject to expensive litigation or be required to obtain licenses from others to develop or market them.***

Our competitors or others may have patent rights that they choose to assert against us or our licensees, suppliers, customers or potential collaborators. Moreover, we may not know about patents or patent applications that our products would infringe. For example, because patent applications do not publish for at least 18 months, if at all, and can take many years to issue, there may be currently pending applications unknown to us that may later result in issued patents that our product candidates would infringe. In addition, if third parties file patent applications or obtain patents claiming technology also claimed by us or our licensors in issued patents or pending applications, we may have to participate in interference proceedings in the U.S. Patent and Trademark Office to determine priority of invention. If third parties file oppositions in foreign countries, we may also have to participate in opposition proceedings in foreign tribunals to defend the patentability of our foreign patent applications.

If a third party claims that we infringe its proprietary rights, any of the following may occur:

- we may become involved in time-consuming and expensive litigation, even if the claim is without merit;
- we may become liable for substantial damages for past infringement if a court decides that our technology infringes a competitor's patent;
- a court may prohibit us from selling or licensing our product without a license from the patent holder, which may not be available on commercially acceptable terms, if at all, or which may require us to pay substantial royalties or grant cross licenses to our patents; and
- we may have to redesign our product candidates or technology so that it does not infringe patent rights of others, which may not be possible or commercially feasible.

If any of these events occurs, our business and prospects will suffer and the market price of our common stock will likely decline substantially.

***Any products we develop may become subject to unfavorable pricing regulations or third-party coverage and reimbursement policies, which could have a material adverse effect on our business.***

We intend to sell our products that may be approved for marketing primarily to hospitals, which generally receive reimbursement for the health care services they provide to their patients from third-party payors, such as Medicare, Medicaid and other domestic and international government programs, private insurance plans and managed care programs.

We currently expect that any drugs we develop may need to be administered under the supervision of a physician. Under currently applicable law, drugs that are not usually self-administered may be eligible for coverage by the Medicare program if:

- they are "incidental" to a physician's services;
- they are "reasonable and necessary" for the diagnosis or treatment of the illness or injury for which they are administered according to accepted standard of medical practice;
- they are not excluded as immunizations; and
- they have been approved by the FDA.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, third-party payors, including private and governmental payors, such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs and biologics will be covered and reimbursed. The Medicare program covers certain individuals aged 65 or older, disabled or suffering from end-stage renal disease. The Medicaid program, which varies from state-to-state, covers certain individuals and families who have limited financial means. The Medicare and Medicaid programs increasingly are used as models for how private payors and other governmental payors develop their coverage and reimbursement policies for drugs and biologics. It is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for our product candidates.

Most third-party payors may deny coverage or reimbursement if they determine that a medical product was not used in accordance with cost-effective treatment methods, as determined by the third-party payor, or was used for an unapproved indication. Third-party payors also may refuse to cover and reimburse for experimental procedures and devices. Furthermore, because our programs are in the early stages of development, we are unable at this time to determine their cost-effectiveness and the level or method of reimbursement. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices, and are challenging the prices charged for medical products. If the price we are able to charge for any products we develop is inadequate in light of our development and other costs, our profitability could be adversely affected.

***Healthcare legislative reform measures could hinder or prevent the commercial success of our products and product candidates.***

In the United States, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system that could affect our future revenues and profitability. Federal and state lawmakers regularly propose and, at times, enact legislation that results in significant changes to the healthcare system, some of which are intended to contain or reduce the costs of medical products and services. For example, in March 2010, President Obama signed one of the most significant healthcare reform measures in decades, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the Affordable Care Act. It contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement changes and fraud and abuse measures, all of which will impact existing government healthcare programs and will result in the development of new programs. The Affordable Care Act, among other things, (i) increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program, extends the rebate program to individuals enrolled in Medicaid managed care organizations, and addresses new methodologies by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, and for drugs that are line extension products; (ii) establishes annual fees and taxes on manufacturers of certain branded prescription drugs, and (iii) enacts a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D.

In addition, other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers up to 2% per fiscal year, which went into effect on April 1, 2013. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our products once approved or additional pricing pressures.

***We may also be subject to healthcare laws, regulation and enforcement and our failure to comply with those laws could adversely affect our business, operations and financial condition.***

If we obtain FDA approval for any of our product candidates and begin commercializing those products in the United States, our operations may be directly, or indirectly through our customers, subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute, the federal False Claims Act, and physician sunshine laws and regulations. These laws may impact, among other things, our proposed sales, marketing, and education programs. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving or providing remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;

- the federal False Claims Act, which prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, false claims, or knowingly using false statements, to obtain payment from the federal government, and which may apply to entities that provide coding and billing advice to customers;

- federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- the federal physician sunshine requirements under the Affordable Care Act, which requires manufacturers of drugs, devices, biologics, and medical supplies to report annually to the Centers for Medicare & Medicaid Services information related to payments and other transfers of value to physicians, other healthcare providers, and teaching hospitals, and ownership and investment interests held by physicians and other healthcare providers and their immediate family members;

- the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, which governs the conduct of certain electronic healthcare transactions and protects the security and privacy of protected health information; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significiant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. In addition, recent health care reform legislation has strengthened these laws. For example, the recently enacted Affordable Care Act, among other things, amends the intent requirement of the Federal Anti-Kickback Statute and criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it. In addition, the Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the Federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act.

Achieving and sustaining compliance with these laws may prove costly. In addition, any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, the exclusion from participation in federal and state healthcare programs, imprisonment, or the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our financial results.

***We are subject to intense competition, and we may not compete successfully.***

Aldoxorubicin is a conjugate of doxorubicin, a widely used anti-cancer drug. Doxorubicin is part of the anthracycline class of chemotherapy agents. Anthracyclines, many of which, including doxorubicin are generic, have been used throughout the world to treat various cancers for several decades. Due to their track record of broad anti-cancer activity, new types of anthracyclines and modified or reformulated versions continue to be developed to overcome toxicities which limit the use of these drugs.

Aldoxorubicin is a chemically modified version of doxorubicin that incorporates an acid sensitive linker technology to improve concentration in the tumor. We believe that the albumin-binding ability of aldoxorubicin will allow the compound to overcome many of the side effect issues typically associated with anthracyclines. We also believe that using albumin as a targeted carrier will allow for higher dosing, greater concentration of the drug in tumors and greater efficacy.

STS patients are typically treated with surgery followed by radiation therapy. For patients ineligible for surgery, radiation or chemotherapy, or both, is the only option. Doxorubicin is the only approved first-line drug for treating STS patients who are ineligible for surgery and is often used in combination with radiation. The National Comprehensive Cancer Network also includes the use of ifosfamide, epirubicin, gemcitabine, gemcitabine with docetaxel, dacarbazine and liposomal doxorubicin marketed in the United States as Doxil® by Johnson & Johnson. GlaxoSmithKline's pazopanib (Votrient®) was approved in the United States and Europe in 2012 for the treatment of certain types of advanced STS following prior chemotherapy. There are other approaches to treating STS in clinical development, including Threshold Pharmaceuticals' TH-302 currently in a Phase 3 clinical trial and Tracon Pharmaceuticals' TRC-105 in combination with pazopanib. In November 2014, the Janssen unit of Johnson & Johnson submitted a new drug application (NDA) to the United States FDA for trabectedin (Yondelis®) for the treatment of patients with advanced soft tissue sarcomas including leiomyosarcoma and liposarcoma, that have previously received an anthracycline and ifosfamide or an anthracycline followed by another chemotherapy. The US FDA granted a priority review for the trabectedin NDA in February 2015. Trabectedin is being co-developed by Johnson & Johnson and PharmaMar. In February 2015, Eisai announced that eribulin (Halaven®) met the primary endpoint of overall survival in patients with either adipocytic or leiomyosarcoma following prior treatment with an anthracycline and at least one additional regimen.

Patients with glioblastoma multiforme, or GBM, generally undergo invasive brain surgery, although disease progression following surgery is nearly 100%. The front-line therapy for GBM following surgery is radiation in combination with temozolomide (Temodar®). Bevacizumab (Avastin®) has been approved for the treatment of GBM in patients progressing after prior therapy. Drugs in development to treat GBM include rindopepimut by Celldex Therapeutics, nivolumab by Bristol-Myers Squibb, DCVax by Northwest Biotherapeutics, TRC105 from Tracon Pharmaceuticals, veliparib by AstraZeneca and buparlisib by Novartis.

Treatment for newly diagnosed small cell lung cancer (SCLC) typically consists of cisplatin or carboplatin in combination with etoposide. Radiation may also be given for extensive-stage disease. While first-line treatment can yield overall response rates of 50-80%, the duration of response is often less than 90 days. For recurrent SCLC, topotecan (Hycamtin®) is standard therapy. SCLC patients who are sensitive to first-line treatment may receive topotecan or the generic chemotherapeutic drugs irinotecan, taxanes, gemcitabine or vinorelbine. Drugs in development for second-line SCLC include Bristol-Myers Squibb's ipilumimab (Yervoy®) and SC16LD6.5 by Stem CentRx, Inc.

Kaposi's sarcoma is generally treated with radiation, surgery and/or liposomal doxorubicin. Liposomal daunorubicin (DaunoXome®, Galen US), with or without paclitaxel, is also recommended as treatment for advanced disease. Other drugs in development for Kaposi's sarcoma include selumetinib by AstraZeneca and pomalidamide by Celgene.

Many companies, including large pharmaceutical and biotechnology firms with financial resources, research and development staffs, and facilities that may be substantially greater than those of ours or our strategic partners or licensees, are engaged in the research and development of pharmaceutical products that could compete with our potential products. To the extent that we seek to acquire, through license or otherwise, existing or potential new products, we will be competing with numerous other companies, many of which will have substantially greater financial resources, large acquisition and research and development staffs that may give those companies a competitive advantage over us in identifying and evaluating these drug acquisition opportunities. Any products that we acquire will be competing with products marketed by companies that in many cases will have substantially greater marketing resources than we have. The industry is characterized by rapid technological advances and competitors may develop their products more rapidly and such products may be more effective than those currently under development or that may be developed in the future by our strategic partners or licensees. Competitive products for a number of the disease indications that we have targeted are currently being marketed by other parties, and additional competitive products are under development and may also include products currently under development that we are not aware of or products that may be developed in the future.

As a result, these competitors may:

- succeed in developing competitive products sooner than us or our strategic partners or licensees;
- obtain FDA or foreign governmental approvals for their products before we can obtain approval of any of our products;
- obtain patents that block or otherwise inhibit the development and commercialization of our product candidate candidates;
- develop products that are safer or more effective than our products;
- devote greater resources than us to marketing or selling products;
- introduce or adapt more quickly than us to new technologies and other scientific advances;
- introduce products that render our products obsolete;
- withstand price competition more successfully than us or our strategic partners or licensees;
- negotiate third-party strategic alliances or licensing arrangements more effectively than us; and
- take better advantage than us of other opportunities.

***We will be required to pay substantial milestone and other payments relating to the commercialization of our products.***

The agreement relating to our worldwide rights to aldoxorubicin provides for our payment of up to an aggregate of $7.5 million upon meeting specified clinical and regulatory milestones up to and including the product's second, final marketing approval. We also will be obliged to pay:

- commercially reasonable royalties based on a percentage of net sales (as defined in the agreement);
- a percentage of any non-royalty sub-licensing income (as defined in the agreement); and
- milestones of $1,000,000 for each additional final marketing approval that we might obtain.

Under the merger agreement by which we acquired Innovive, we agreed to pay the former Innovive stockholders a total of up to approximately $18.3 million of future earnout merger consideration, subject to our achievement of specified net sales under the Innovive license agreements. The earnout merger consideration, if any, will be payable in shares of our common stock, subject to specified conditions, or, at our election, in cash or by a combination of shares of our common stock and cash. Our common stock will be valued for purposes of any future earnout merger consideration based upon the trading price of our common stock at the time the earnout merger consideration is paid.

***We are subject to potential liabilities from clinical testing and future product liability claims.***

If any of our products are alleged to be defective, they may expose us to claims for personal injury by patients in clinical trials of our products or, if we obtain marketing approval and commercialize our products, by patients using our commercially marketed products. Even if one or more of our products is approved by the FDA, users may claim that such products caused unintended adverse effects. We maintain clinical trial insurance for our ongoing clinical trials, and we plan to seek to obtain similar insurance for any other clinical trials that we conduct. We also would seek to obtain product liability insurance covering the commercial marketing of our product candidates. We may not be able to obtain additional insurance, however, and any insurance obtained by us may prove inadequate in the event of a claim against us. Any claims asserted against us also may divert management's attention from our operations, and we may have to incur substantial costs to defend such claims even if they are unsuccessful.

***We may be unable to successfully acquire additional technologies or products. If we require additional technologies or products, our product development plans may change and the ownership interests of our shareholders could be diluted.***

We may seek to acquire additional technologies by licensing or purchasing such technologies, or through a merger or acquisition of one or more companies that own such technologies. We have no current understanding or agreement to acquire any technologies, however, and we may not be able to identify or successfully acquire any additional technologies. We also may seek to acquire products from third parties that already are being marketed or have been approved for marketing, although we have not currently identified any of these products. We do not have any prior experience in acquiring or marketing products approved for marketing and may need to find third parties to market any products that we might acquire.

We have focused our product development efforts on our oncology drug candidates, which we believe have the greatest revenue potential. If we acquire additional technologies or product candidates, we may determine to make further changes to our product development plans and business strategy to capitalize on opportunities presented by the new technologies and product candidates.

We may determine to issue shares of our common stock to acquire additional technologies or products or in connection with a merger or acquisition of another company. To the extent we do so, the ownership interest of our stockholders will be diluted accordingly.

***We are conducting certain of our clinical trials in foreign countries, which exposes us to additional risks.***

We are conducting international clinical development of aldoxorubicin. The conduct of clinical trials outside the United States could have a significant impact on us. Risks inherent in conducting international clinical trials include:

- foreign regulatory requirements that could restrict or limit our ability to conduct our clinical trials;
- administrative burdens of conducting clinical trials under multiple foreign regulatory schema;
- foreign exchange fluctuations;
- diminished protection of intellectual property in some countries; and
- possible nationalization and expropriation.

- In addition, there may be changes to our business and political position if there is instability, disruption or destruction in a significant geographic region, regardless of cause, including war, terrorism, riot, civil insurrection or social unrest, and natural or man-made disasters, including famine, flood, fire, earthquake, storm or disease, which could seriously harm the development of our current operating strategy.

***In the event of a dispute regarding our international clinical trials, it may be necessary for us to resolve the dispute in the foreign country of dispute, where we would be faced with unfamiliar laws and procedures.***

The resolution of disputes in foreign countries can be costly and time consuming, similar to the situation in the United States. However, in a foreign country, we face the additional burden of understanding unfamiliar laws and procedures. We may not be entitled to a jury trial, as we might be in the United States. Further, to litigate in any foreign country, we would be faced with the necessity of hiring lawyers and other professionals who are familiar with the foreign laws. For these reasons, we may incur unforeseen expenses if we are forced to resolve a dispute in a foreign country.

***Drug discovery is a complex, time-consuming and expensive process, and we may not succeed in creating new product candidates.***

Conducting drug discovery and pre-clinical development of our albumin-binding technology is a complex and expensive process that will take many years. Accordingly, we cannot be sure whether or when our drug discovery and pre-clinical development activities will succeed in developing any new product candidates. In addition, any product candidates that we develop in pre-clinical testing may not demonstrate success in clinical trials required for marketing approval.

Any deficiency in the design, implementation or oversight of our drug discovery and pre-clinical testing programs could cause us to incur significant additional costs, experience significant delays, prevent us from obtaining marketing approval for any product candidate that may result from these programs or abandon development of certain product candidates. If any of these risks materializes, it could harm our business and cause our stock price to decline.

***We have a limited operating history in drug discovery, which is inherently risky, and we may not succeed in addressing these risks.***

We established our drug discovery laboratory and development program only in March 2014. Accordingly, we have a limited operating history in conducting our own drug discovery programs. We have not yet demonstrated the ability to successfully create new product candidates. Consequently, there is limited information for investors to use as basis for assessing the viability of our drug discovery efforts. Investors must consider the risks and difficulties inherent in drug discovery and pre-clinical activities, including the following:

- difficulties, complications, delays and other unanticipated factors in connection with the development of new drugs;
- competition from companies that have substantially greater assets and financial resources than we have;
- our ability to anticipate and adapt to a competitive market and rapid technological developments;
- our need to rely on multiple levels of complex financing agreements with outside funding due to the length of drug development cycles and governmental approved protocols associated with the pharmaceutical industry; and
- our dependence upon key scientific personnel, including Felix Kratz, Ph.D. and Andre Warnecke, Ph.D.

We cannot be certain that we will successfully address these risks or that our drug discovery efforts will be successful. In the event that we do not successfully address these risks, our business, prospects, financial condition and results of operations could be materially and adversely affected. We also may be required to reduce or discontinue altogether our drug discovery and pre-clinical programs.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes (such as research and development tax credits) to offset its post-change income and taxes may be limited. In general, an "ownership change" occurs if there is a cumulative change in our ownership by "5% shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. If it is determined that we have in the past experienced an ownership change, or if we experience one or more ownership changes as a result of this offering or future transactions in our stock, we may be limited in our ability to use our net operating loss carryforwards and other tax assets to reduce taxes owed on the net taxable income that we earn. Any such limitations on the ability to use our net operating loss carryforwards and other tax assets could potentially result in increased future tax liability to us.

**Risks Associated with Our Common Stock**

***We may experience volatility in our stock price, which may adversely affect the trading price of our common stock.***

The market price of our common stock in 2014 ranged from $2.08 to $8.35 per share, and it may continue to experience significant volatility from time to time. Factors that may affect the market price of our common stock include the following:

- announcements of interim or final results of our clinical trials;
- announcements of regulatory developments or technological innovations by us or our competitors;
- changes in our relationship with our licensors and other strategic partners;
- our quarterly operating results;
- litigation involving or affecting us;
- shortfalls in our actual financial results compared to our guidance or the forecasts of stock market analysts;
- developments in patent or other technology ownership rights;
- acquisitions or strategic alliances by us or our competitors;
- public concern regarding the safety of our products; and
- government regulation of drug pricing.

***Our outstanding options and warrants and the availability for resale of the underlying shares may adversely affect the trading price of our common stock.***

As of December 31, 2014, there were outstanding stock options and warrants to purchase approximately 17.4 million shares of our common stock at a weighted-average exercise price of $3.46 per share. Our outstanding options and warrants could adversely affect our ability to obtain future financing or engage in certain mergers or other transactions, since the holders of options and warrants can be expected to exercise them at a time when we may be able to obtain additional capital through a new offering of securities on terms more favorable to us than the terms of outstanding options and warrants. For the life of the options and warrants, the holders have the opportunity to profit from a rise in the market price of our common stock without assuming the risk of ownership. The issuance of shares upon the exercise of outstanding options and warrants will also dilute the ownership interests of our existing stockholders. Many of our outstanding warrants contain anti-dilution provisions pertaining to dividends with respect to our common stock. In the event that these anti-dilution provisions are triggered by us in the future, we would likewise be required to reduce the exercise price, and increase the number of shares underlying, those warrants, which would have a dilutive effect on our stockholders.

We have registered with the SEC the resale by the holders of all or substantially all shares of our common stock issuable upon exercise of our outstanding options and warrants. The availability of these shares for public resale, as well as actual resales of these shares, could adversely affect the trading price of our common stock.

***Our anti-takeover measures may make it more difficult to change our management, or may discourage others from acquiring us, and thereby adversely affect stockholder value.***

We have a stockholder rights plan and provisions in our restated by-laws, as amended, that are intended to protect our stockholders' interests by encouraging anyone seeking control of our company to negotiate with our board of directors. These provisions may discourage or prevent a person or group from acquiring us without the approval of our board of directors, even if the acquisition would be beneficial to our stockholders.

We have a classified board of directors, which means that at least two stockholder meetings, instead of one, will be required to effect a change in the majority control of our board of directors. This applies to every election of directors, not just an election occurring after a change in control. The classification of our board increases the amount of time it takes to change majority control of our board of directors and may cause potential acquirers to lose interest in a potential purchase of us, regardless of whether our purchase would be beneficial to us or our stockholders. The additional time and cost to change a majority of the members of our board of directors makes it more difficult and may discourage our existing stockholders from seeking to change our existing management in order to change the strategic direction or operational performance of our company.

Our by-laws provide that directors may only be removed for cause by the affirmative vote of the holders of at least a majority of the outstanding shares of our capital stock then entitled to vote at an election of directors. This provision prevents stockholders from removing any incumbent director without cause. Our by-laws also provide that a stockholder must give us at least 120 days notice of a proposal or director nomination that such stockholder desires to present at any annual meeting or special meeting of stockholders. Such provision prevents a stockholder from making a proposal or director nomination at a stockholder meeting without us having advance notice of that proposal or director nomination. This could make a change in control more difficult by providing our directors with more time to prepare an opposition to a proposed change in control. By making it more difficult to remove or install new directors, these bylaw provisions may also make our existing management less responsive to the views of our stockholders with respect to our operations and other issues such as management selection and management compensation.

We are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which may also prevent or delay a takeover of us that may be beneficial to our stockholders.

***Our restated by-laws, as amended, designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.***

Our by-laws provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim that is governed by the internal affairs doctrine. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our by-laws. This choice-of-forum provision may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our amended and restated by-laws inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

***We may issue preferred stock in the future, and the terms of the preferred stock may reduce the value of our common stock.***

We are authorized to issue shares of preferred stock in one or more series. Our board of directors may determine the terms of future preferred stock offerings without further action by our stockholders. If we issue preferred stock, it could affect your rights or reduce the value of our outstanding common stock. In particular, specific rights granted to future holders of preferred stock may include voting rights, preferences as to dividends and liquidation, conversion and redemption rights, sinking fund provisions, and restrictions on our ability to merge with or sell our assets to a third party.

***We do not expect to pay any cash dividends on our common stock.***

We have not declared or paid any cash dividends on our common stock or other securities, and we currently do not anticipate paying any cash dividends in the foreseeable future. Because we do not anticipate paying cash dividends for the foreseeable future, our stockholders will not realize a return on their investment in our common stock except to the extent of any appreciation in the value of our common stock. Our common stock may not appreciate in value, or may decline in value.

## Item 1B. UNRESOLVED STAFF COMMENTS

None.

## Item 2. PROPERTIES

We lease our headquarters in Los Angeles, California. The lease covers approximately 5,739 square feet of office and storage space and expires in February 2020. Effective March 1, 2015, our monthly rental payments will be $19,226 per month, subject to annual increases. In addition to the monthly rent, we will be responsible for paying our allocable portion of operating expenses. We have an option to extend the term of the lease for a five-year period and a right of first offer during the extended lease term to lease any available space on the sixth floor of the premises, subject to the terms and conditions set forth in the lease agreement. We also lease additional storage space for approximately 540 square feet. This lease expires in February 2020, and requires us to make monthly payments of $1,110, subject to annual increases.

We lease laboratory space in Freiburg, Germany, covering approximately 376 square meters (4,047 square feet). The lease expires in April 2017, and currently requires us to make monthly payments of 3,705 Euros (approximately $4,200), subject to annual increases. We have an option to extend the term of the lease for additional three-year periods.

## Item 3. LEGAL PROCEEDINGS

As previously reported in the Company's Quarterly Report filed with the SEC on November 4, 2014, on June 13, 2014, three purported securities class action lawsuits pending in the United States District Court for the Central District of California, were consolidated in the matter of *In re CytRx Corporation Securities Litigation*, 2:14-CV-01956-GHK (PJWx), and lead plaintiff and lead counsel were appointed. On October 1, 2014, plaintiffs filed a consolidated amended complaint on behalf of all persons who purchased or otherwise acquired the publicly traded securities of CytRx between November 20, 2013 and March 13, 2014, against CytRx, certain Company officers and directors, a freelance writer, and certain underwriters. The complaint alleges that certain of the defendants violated the Securities Exchange Act of 1934 by making materially false and misleading statements in press releases, promotional articles, SEC filings and other public statements. The complaint further alleges that certain of the defendants violated the Securities Act of 1933 by making materially misleading statements and omitting material information in the shelf Registration Statement on Form S-3 filed with the SEC on December 6, 2012 and Prospectus Supplement on Form 424(b)(2) filed with the SEC on January 31, 2014. These allegations arise out of the Company's alleged retention of The DreamTeam Group and MissionIR, external investor and public relations firms unaffiliated with the Company, as well as the Company's December 9, 2013 grant of stock options to certain board members and officers. The consolidated amended complaint seeks damages, including interest, in an unspecified amount, reasonable costs and attorneys' fees, and any equitable, injunctive, or other relief that the court may deem just and proper. On December 5, 2014, CytRx and the individual defendants filed a motion to dismiss the complaint. The Court was scheduled to hear argument on this motion on March 2, 2015. On February 25, 2015, the Court took this motion under submission and took the hearing off the calendar.

Also, on April 3, 2014, as previously reported, a purported class action lawsuit was filed against the Company and certain officers and each director, as well as certain underwriters, in the Superior Court of California, County of Los Angeles, captioned *Rajasekaran v. CytRx Corporation, et al.*, BC541426. The complaint purports to be brought on behalf of all shareholders who purchased or otherwise acquired the Company's common stock pursuant and/or traceable to the Company's secondary common stock offering, which closed on February 5, 2014. The complaint alleges that defendants violated the federal securities laws by making materially false and misleading statements in filings with the SEC. The complaint seeks compensatory damages in an unspecified amount, rescission, and attorney's fees and costs. On October 14, 2014, the court granted the parties' joint ex parte motion to stay this proceeding pending resolution of motions to dismiss in the related federal action, *In re CytRx Corporation Securities Litigation*, 2:14-CV-01956-GHK (PJWx).

As previously reported, on July 3, 2014, a shareholder derivative lawsuit was filed in the United States District Court for the Central District of California, captioned *Fishman v. Kriegsman, et al.*, 2:14-cv-05169, against nominal defendant CytRx and certain officers and each director of the Company. The complaint alleges breach of fiduciary duties, corporate waste, gross mismanagement, and unjust enrichment in connection with the Company's alleged retention of DreamTeamGroup and MissionIR, two external investor and public relations firms unaffiliated with the Company. The complaint seeks damages, restitution, corporate governance reforms, and attorney’s fees and costs. On September 3, 2014, plaintiff filed a notice to voluntarily dismiss this action against all parties without prejudice, which the court granted on September 9, 2014.

On June 13, 2014, the Delaware Court of Chancery consolidated *Schwartz v. Ignarro, et al.*, Case No. 9864, *Johnson v. Ignarro, et al.*, Case No. 9884, and *Silverberg v. Kriegsman, et al.*, Case No. 9919, three shareholder derivative lawsuits described in our Quarterly Report filed with the SEC on August 6, 2014. The allegations in the *Schwartz* and *Johnson* complaints relate to the Company’s December 9, 2013 grant of stock options to certain board members and officers. The allegations in the *Silverberg* complaint relate to the Company’s December 9, 2013 grant of stock options to certain board members and officers as well as the Company’s alleged retention of DreamTeamGroup and MissionIR, two external investor and public relations firms unaffiliated with the Company. A consolidated complaint was filed on October 9, 2014. On November 10, 2014, CytRx and the individual defendants filed a motion to dismiss the complaint or, in the alternative, to stay the action. The Delaware Court of Chancery heard argument on the motions on January 8, 2015. The Court denied the motion to dismiss and granted in part and denied in part the motion to stay. More specifically, the Court allowed plaintiffs to immediately pursue their claims relating to the December 2013 grant of stock options.

On August 14, 2014, a shareholder derivative lawsuit, captioned *Pankratz v. Kriegsman, et al.*, 2:14-cv-06414-PA-JPR, was filed in the United States District Court for the Central District of California against CytRx, as nominal defendant, and certain officers and each director. The complaint alleges breach of fiduciary duties, unjust enrichment, gross mismanagement, abuse of control, insider selling and misappropriation of information in connection with the Company's alleged retention of DreamTeamGroup and MissionIR, two external investor and public relations firms unaffiliated with the Company, as well as the Company’s December 9, 2013 grant of stock options to certain board members and officers. The complaint seeks unspecified damages, corporate governance and internal procedures reforms, restitution, disgorgement of all profits, benefits, and other compensation obtained by the individual defendants, and the costs and disbursements of the action.

On August 15, 2014, a shareholder derivative complaint, captioned *Taylor v. Kriegsman, et al.*, 2:14-cv-06451, was filed in the United States District Court for the Central District of California against CytRx, as nominal defendant, and certain officers and each director. The complaint alleges breach of fiduciary duties, unjust enrichment, gross mismanagement, abuse of control, unjust enrichment, insider selling and misappropriation of information in connection with the Company's alleged retention of DreamTeamGroup and MissionIR, two external investor and public relations firms unaffiliated with the Company, as well as the Company’s December 9, 2013 grant of stock options to certain board members and officers. The complaint seeks unspecified damages, corporate governance and internal procedures reforms, restitution, disgorgement of all profits, benefits, and other compensation obtained by the individual defendants, and the costs and disbursements of the action.

On October 8, 2014, the Court in *Pankratz* and *Taylor* consolidated the cases and appointed lead plaintiffs and co-lead counsel. On October 20, 2014, the Company and the individual defendants filed motions to dismiss the consolidated *Pankratz* and *Taylor* cases or, in the alternative, to stay the cases. On January 9, 2015, the court stayed the action pending the resolution of the consolidated Delaware derivative action.

The Company intends to vigorously defend against the foregoing complaints. The Company has directors’ and officers’ liability insurance, which will be utilized in the defense of these matters. As of December 31, 2014, the Company has incurred legal expenses of $6.3 million, of which approximately $5.3 million was submitted to its insurance carrier for reimbursement, $1.9 million of which is included in the Receivables on the accompanying Balance Sheet. The liability insurance may not cover all of the future liabilities the Company may incur in connection with the foregoing matters. The Company records accruals for loss contingencies to the extent that we conclude that it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated. Based on the very early stage of litigation, it is not possible to estimate the amount or range of possible loss that might result from an adverse judgment or a settlement of these matters. The Company evaluates developments in legal proceedings and other matters on a quarterly basis.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

**Item 5.** ***MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

**Market Information**

Our common stock is traded on The NASDAQ Capital Market under the symbol "CYTR." The following table sets forth the high and low sale prices for our common stock for the periods indicated as reported by The NASDAQ Capital Market:

| | High | Low |
|---|---|---|
| **Fiscal Year 2014:** | | |
| Fourth Quarter | $ 3.20 | $ 2.08 |
| Third Quarter | $ 4.25 | $ 2.54 |
| Second Quarter | $ 5.46 | $ 2.78 |
| First Quarter | $ 8.35 | $ 3.15 |
| **Fiscal Year 2013:** | | |
| Fourth Quarter | $ 6.79 | $ 2.09 |
| Third Quarter | $ 3.65 | $ 2.02 |
| Second Quarter | $ 2.94 | $ 1.95 |
| First Quarter | $ 3.07 | $ 1.83 |

**Holders**

On March 10, 2015, there were approximately 670 holders of record of our common stock. The number of record holders does not reflect the number of beneficial owners of our common stock for whom shares are held by brokerage firms and other nominees.

**Dividends**

We have not paid any cash dividends since our inception and do not contemplate paying any cash dividends in the foreseeable future.

**Equity Compensation Plans**

The following table sets forth certain information as of December 31, 2014, regarding securities authorized for issuance under our equity compensation plans:

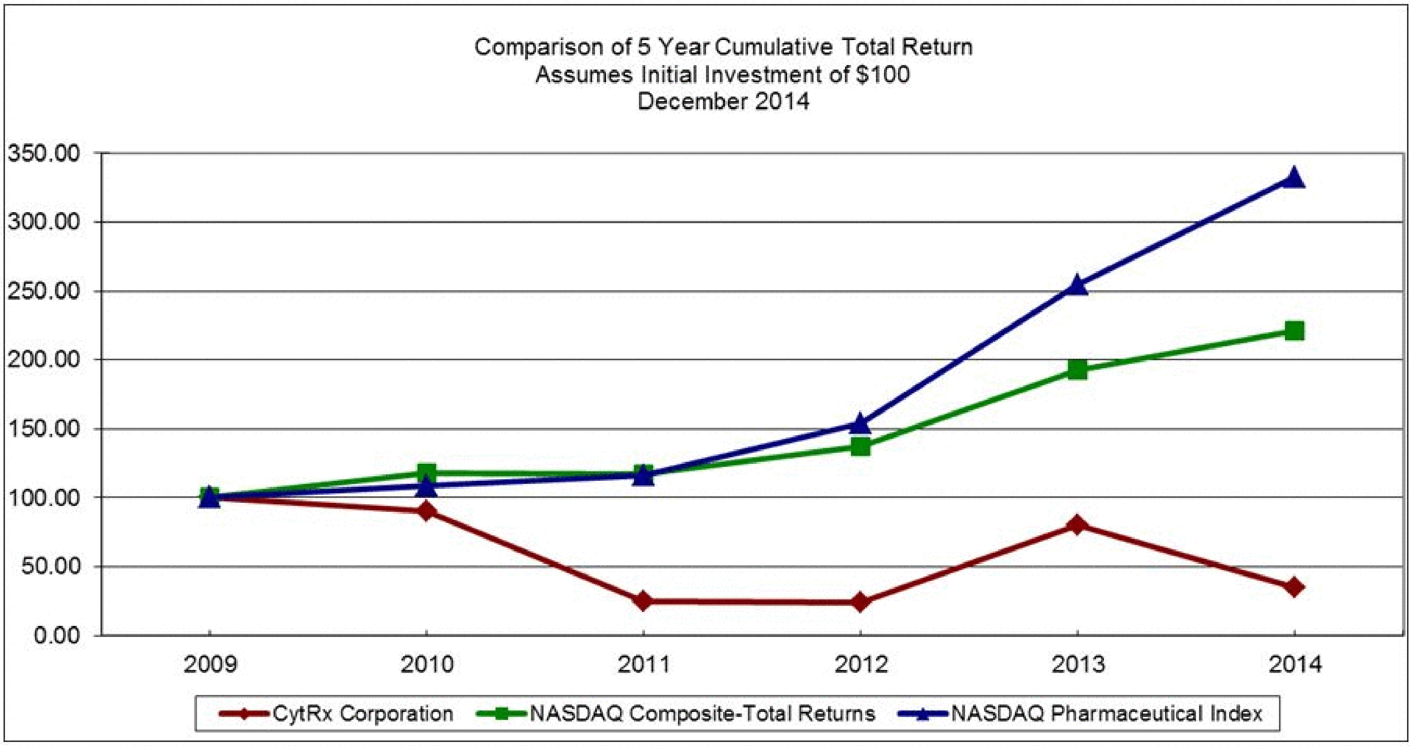
| Plan Category | (a) Number of Securities to be Issued Upon Excercise of Outstanding Options, Warrants and Rights | (b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|---|---|---|---|
| Equity compensation plans approved by our security holders: | | | |
| 2000 Long-Term Incentive Plan | 727,631 | $ 7.09 | — |
| 2008 Stock Incentive Plan | 9,277,394 | 2.52 | 719,034 |
| Equity compensation plans not approved by our security holders: | | | |
| Outstanding warrants (1) | 7,349,760 | 4.27 | — |
| Total | 17,354,785 | $ 3.45 | 719,034 |

(1) The warrants shown were issued in discreet transactions from time to time as compensation for services rendered by consultants, advisors or other third parties, and do not include warrants sold in capital-raising transactions. The material terms of such warrants were determined based upon arm's-length negotiations with the service providers. The warrant exercise prices approximate the market price of our common stock at or about the date of grant, and the warrant terms range from two to ten years from the grant date. The warrants contain customary anti-dilution adjustments in the event of a stock split, reverse stock split, reclassification or combination of our outstanding common stock and similar events and certain of the warrants contain anti-dilution adjustments triggered by other corporate events, such as dividends.

**Comparison of Cumulative Total Returns**

The following line graph presentation compares cumulative total stockholder returns of CytRx with The NASDAQ Stock Market Index and The NASDAQ Pharmaceutical Index (the "Peer Index") for the five-year period from December 31, 2008 to December 31, 2013. The graph and table assume that $100 was invested in each of our common stock, The NASDAQ Stock Market Index and the Peer Index on December 31, 2008, and that all dividends were reinvested. This data was furnished by Zacks Investment Research.

**Comparison of Cumulative Total Returns**




| | December 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| **CytRx Corporation** | 90.18 | 25.00 | 23.85 | 79.97 | 34.95 |
| **The NASDAQ Stock Market Index** | 118.02 | 117.04 | 137.47 | 192.62 | 221.02 |
| **The NASDAQ Pharmaceutical Index** | 108.40 | 116.03 | 154.38 | 254.51 | 332.21 |

**Recent Issuances of Unregistered Securities**

None.

**Repurchase of Shares**

We did not repurchase any of our shares during the year ended December 31, 2014.

## Item 6. SELECTED FINANCIAL DATA

### General

The following selected financial data are derived from our audited financial statements. Our financial statements for 2014, 2013 and 2012 have been audited by BDO USA, LLP, our independent registered public accounting firm. These historical results do not necessarily indicate future results. When you read this data, it is important that you also read our financial statements and related notes, as well as the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of this Annual Report. Financial information provided below has been rounded to the nearest thousand (except for per share data).

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| *Statement of Operations Data:* | | | | | |
| Revenue | | | | | |
| Licensing revenue | $ 100,000 | $ 300,000 | $ 100,000 | $ 250,000 | $ 100,000 |
| Total revenue | $ 100,000 | $ 300,000 | $ 100,000 | $ 250,000 | $ 100,000 |
| | | | | | |
| Net income (loss) applicable to common stockholders | $ (30,118,000) | $ (47,485,000) | $ (17,964,000) | $ (14,425,000) | $ 408,000 |
| Basic and diluted income (loss) per share applicable to common stock | $ (0.55) | $ (1.44) | $ (0.78) | $ (0.80) | $ 0.03 |
| | | | | | |
| *Balance Sheet Data:* | | | | | |
| Cash, cash equivalents and short-term investments | $ 77,840,000 | $ 38,568,000 | $ 38,344,000 | $ 36,046,000 | $ 26,892,000 |
| Long term obligations and redeemable preferred stock | $ — | $ — | $ — | $ — | $ — |
| Total assets | $ 85,693,000 | $ 41,500,000 | $ 40,232,000 | $ 37,854,000 | $ 36,697,000 |
| Total stockholders' equity | $ 67,911,000 | $ 10,661,000 | $ 30,166,000 | $ 24,254,000 | $ 30,568,000 |

### Factors Affecting Comparability

In February 2014, we completed an $86.0 million underwritten public offering, in which we sold and issued 13.2 million shares of common stock at a price of $6.50 per share. Net of underwriting discounts, legal, accounting and other offering expenses, we received proceeds of approximately $80.5 million.

In October 2013, we completed a $25.9 million underwritten public offering, in which we sold and issued 11.5 million shares of common stock at a price of $2.25 per share. Net of underwriting discounts, legal, accounting and other offering expenses, we received proceeds of approximately $24.1 million.

In October 2012, we completed a $23.0 million underwritten public offering, in which we sold and issued 9.2 million shares of common stock at a price of $2.50 per share. Net of underwriting discounts, legal, accounting and other offering expenses, we received proceeds of approximately $21.5 million.

In August 2011, we completed a $20.4 million underwritten public offering in which we sold and issued 5.6 million shares of common stock at a price of $3.57 per share and warrants at a price of $0.07 per warrant to purchase up to approximately 6.4 million shares of common stock at an exercise price of $4.48 per share. Net of underwriting discounts, legal, accounting and other offering expenses, we received proceeds of approximately $18.9 million (without giving effect to any proceeds that we may receive upon future exercises of the warrants sold in the offering).

**Item 7.** ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

The following discussion and analysis of our financial condition and results of operations should be read together with the discussion under "Selected Financial Data" and our financial statements included in this Annual Report. This discussion contains forward-looking statements, based on current expectations and related to future events and our future financial performance, that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set forth under the caption "Risk Factors" and elsewhere in this Annual Report.

**Overview**

***CytRx Corporation***

We are a biopharmaceutical research and development company specializing in oncology. We currently are focused on the clinical development of aldoxorubicin (formerly known as INNO-206), our modified version of the widely-used chemotherapeutic agent, doxorubicin. We have reported positive top-line efficacy results (median progression-free survival, progression-free survival at six months, overall response rates, hazard ratios and overall survival) from our completed, global Phase 2b clinical trial with aldoxorubicin as a treatment for soft tissue sarcoma, or STS. Hazard ratios - the likelihood that the study endpoint (in this case tumor progression) will be reached during a given period - are an important measure of the reliability and uniformity of the absolute data for progression-free survival, or PFS. The trial investigated the efficacy and safety of aldoxorubicin compared with doxorubicin in subjects with first-line metastatic, locally advanced or unresectable STS. Aldoxorubicin combines the chemotherapeutic agent doxorubicin with a novel linker-molecule that binds specifically to albumin in the blood to allow for delivery of higher amounts of doxorubicin (3½ to 4 times) without the major dose-limiting toxicities seen with administration of doxorubicin alone.

In the first quarter of 2014, we initiated a pivotal Phase 3 trial of aldoxorubicin as a therapy for patients with STS whose tumors have progressed following treatment with chemotherapy, and we have received approval from the FDA to continue dosing patients with aldoxorubicin until disease progression in that clinical trial. The Phase 3 trial is being conducted under a Special Protocol Assessment, or SPA, granted by the U.S. Food and Drug Administration, or FDA. The SPA means that the FDA agrees that the design and analyses proposed in the Phase 3 trial protocol are acceptable to support regulatory approval of the product candidate with respect to effectiveness of the indication studied, and will not subsequently change its perspective on these matters, unless previously unrecognized public or animal health concerns were to arise or we were to subsequently modify the protocol. Thus, if the study demonstrates an acceptable benefit-risk profile as determined by the FDA, it would suffice as the single pivotal trial to demonstrate effectiveness and would support registration of aldoxorubicin for this indication.

We are currently evaluating aldoxorubicin in a global Phase 2b clinical trial in small cell lung cancer, a Phase 2 clinical trial in HIV-related Kaposi's sarcoma, a Phase 2 clinical trial in patients with late-stage glioblastoma (brain cancer), a Phase 1b trial in combination with ifosfamide in patients with soft tissue sarcoma, and a Phase 1b trial in combination with gemcitabine in subjects with metastatic solid tumors. We have completed a global Phase 2b clinical trial with aldoxorubicin as a first-line therapy for STS, a Phase 1b/2 clinical trial primarily in the same indication, a Phase 1b clinical trial of aldoxorubicin in combination with doxorubicin in patients with advanced solid tumors and a Phase 1b pharmacokinetics clinical trial in patients with metastatic solid tumors.

We plan to expand our pipeline of oncology candidates through our drug development activities at our laboratory facility in Freiburg, Germany, based on novel linker technologies that can be utilized with multiple chemotherapeutic agents and may allow for greater drug concentration at tumor sites.

In order to fund our business and operations, we have relied primarily upon sales of our equity securities, including proceeds from the exercise of stock options and common stock purchase warrants. We also have received limited funding from our strategic partners and licensees.

At December 31, 2014, we had cash and cash equivalents of approximately $32.2 million and short-term investments of $45.6 million. Management believes that our current resources will be sufficient to fund our operations for the foreseeable future. The belief is based, in part, upon our currently projected expenditures for 2015 of approximately $58.6 million, which includes approximately $43.9 million for our clinical programs for aldoxorubicin, approximately $2.0 million for pre-clinical development of new albumin-binding cancer drugs, approximately $3.8 million for general operation of our clinical programs and approximately $8.9 million for other general and administrative expenses. These projected expenditures are based upon numerous assumptions and subject to many uncertainties, and our actual expenditures may be significantly different from these projections. We will ultimately be required to obtain additional funding in order to execute our long-term business plans, although we do not currently have commitments from any third parties to provide us with capital. We cannot assure that additional funding will be available on favorable terms, or at all. If we fail to obtain additional funding when needed, we may not be able to execute our business plans and our business may suffer, which would have a material adverse effect on our financial position, results of operations and cash flows.

***Research and Development***

Expenditures for research and development activities related to continuing operations were $36.7 million, $17.5 million and $12.7 million, respectively, for the years ended December 31, 2014, 2013 and 2012, or approximately 74%, 63% and 60%, respectively, of our total expenses.

Research and development expenses are further discussed below under "Critical Accounting Policies and Estimates" and "Results of Operations."

Our currently projected expenditures for 2015 include approximately $43.9 million for our clinical programs for aldoxorubicin, approximately $2.0 million for pre-clinical development of new albumin-binding cancer drugs and approximately $3.8 million for general operation of our clinical programs. The actual cost of our clinical programs could differ significantly from our current projections due to any additional requirements or delays imposed by the FDA in connection with our planned trials, or if actual costs are higher than current management estimates for other reasons, including complications with manufacturing. In the event that actual costs of our clinical programs, or any of our other ongoing research activities, are significantly higher than our current estimates, we may be required to significantly modify our planned level of operations.

All of our product candidates in development must be approved by the FDA or corresponding foreign governmental agencies before they can be marketed. The process for obtaining FDA and foreign government approvals is both time-consuming and costly, with no certainty of a successful outcome. A discussion of these and other risks and uncertainties associated with our business is set forth in the "Risk Factors" section of this Annual Report.

***Critical Accounting Policies and Estimates***

Management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to stock options, impairment of long-lived assets, including finite-lived intangible assets, accrued liabilities and certain expenses. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Our significant accounting policies are summarized in Note 2 of the Notes to Financial Statements included in this Annual Report. We believe the following critical accounting policies are affected by our more significant judgments and estimates used in the preparation of our financial statements:

***Revenue Recognition***

Revenue consists of license fees from strategic alliances with pharmaceutical companies, as well as service and grant revenues. Service revenue consists of contract research and laboratory consulting. Grant revenues consist of government and private grants.

Monies received for license fees are deferred and recognized ratably over the performance period in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") ASC 605-25, *Revenue Recognition – Multiple-element Arrangements* ("ASC 605-25"). Milestone payments will be recognized upon achievement of the milestone as long as the milestone is deemed substantive and we have no other performance obligations related to the milestone and collectability is reasonably assured, which is generally upon receipt, or recognized upon termination of the agreement and all related obligations. Deferred revenue represents amounts received prior to revenue recognition.

Revenues from contract research, government grants, and consulting fees are recognized over the respective contract periods as the services are performed, provided there is persuasive evidence of an arrangement, the fee is fixed or determinable and collection of the related receivable is reasonably assured. Once all conditions of the grant are met and no contingencies remain outstanding, the revenue is recognized as grant fee revenue and an earned but unbilled revenue receivable is recorded.

***Research and Development Expenses***

Research and development expenses consist of costs incurred for direct and overhead-related research expenses and are expensed as incurred. Costs to acquire technologies, including licenses, that are utilized in research and development and that have no alternative future use are expensed when incurred. Technology developed for use in our product candidates is expensed as incurred until technological feasibility has been established.

***Clinical Trial Expenses***

Clinical trial expenses, which are included in research and development expenses, include obligations resulting from our contracts with various CROs in connection with conducting clinical trials of our product candidates. We recognize expenses for these activities based on a variety of factors, including actual and estimated labor hours, clinical site initiation activities, patient enrollment rates, estimates of external costs and other activity-based factors. We believe that this method is the best measure of the efforts expended on a clinical trial with the expenses we record. We adjust our rate of clinical expense recognition if actual results differ from our estimates. If our estimates prove to be incorrect, clinical trial expenses recorded in any particular period could vary.

***Stock-based Compensation***

Our stock-based employee compensation plans are described in Note 13 of the Notes to Financial Statements. We follow the provisions of ASC 718, *Compensation - Stock Compensation* ("ASC 718"), which requires the measurement and recognition of compensation expense for all stock-based awards made to employees.

For stock options and stock warrants paid in consideration of services rendered by non-employees, we recognize compensation expense in accordance with the requirements of ASC 505-50, *Equity-Based Payments to Non-Employees* ("ASC 505-50").

Non-employee option grants that do not vest immediately upon grant are recorded as an expense over the vesting period. At the end of each financial reporting period prior to performance, the value of these options, as calculated using the Black-Scholes option-pricing model, is determined, and compensation expense recognized or recovered during the period is adjusted accordingly. Since the fair market value of options granted to non-employees is subject to change in the future, the amount of the future compensation expense is subject to adjustment until the common stock options or warrants are fully vested.

***Net Income (Loss) Per Share***

Basic net income (loss) per common share is computed using the weighted-average number of common shares outstanding. Diluted net income (loss) per common share is computed using the weighted-average number of common shares and common share equivalents outstanding. Potentially dilutive stock options and warrants to purchase approximately 17.4 million, 14.7 million and 11.0 million shares at December 31, 2014, 2013 and 2012, respectively, were excluded from the computation of diluted net income (loss) per share, because the effect would be anti-dilutive.

### Quarterly Financial Data

The following table sets forth unaudited statements of operations data for each quarter during our most recent two fiscal years. This quarterly information has been derived from our unaudited condensed financial statements and, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods covered. The quarterly financial data should be read in conjunction with our condensed financial statements and related notes. The operating results for any quarter are not necessarily indicative of the operating results for any future period.

| | Quarter Ended | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| | (In thousands, except per share data) | | | |
| **2014** | | | | |
| Total revenue | $ — | $ — | $ — | $ 100 |
| Net income (loss) | $ 4,665 | $ (15,719) | $ (5,625) | $ (13,439) |
| Net income (loss) applicable to common stockholders | $ 4,665 | $ (15,719) | $ (5,625) | $ (13,439) |
| Basic income ( loss) per share applicable to common stock | $ 0.09 | $ (0.28) | $ (0.10) | $ (0.24) |
| Diluted income (loss) per share applicable to common stock | $ 0.08 | $ (0.28) | $ (0.10) | $ (0.24) |
| | | | | |
| **2013** | | | | |
| Total revenue | $ — | $ 200 | $ — | $ 100 |
| Net loss | $ (6,864) | $ (3,423) | $ (9,980) | $ (27,218) |
| Net loss applicable to common stockholders | $ (6,864) | $ (3,423) | $ (9,980) | $ (27,218) |
| Basic and diluted loss per share applicable to common stock | $ (0.23) | $ (0.11) | $ (0.33) | $ (0.68) |

Quarterly and yearly income (loss) per share amounts are computed independently of each other. Therefore, the sum of the per share amounts for the quarters may not equal the per share amounts for the year. In 2014 and 2013, we incurred $3.9 million and $3.1 million, respectively, in employee non-cash compensation expenses.

The comparability of our quarterly financial data may be affected by the same events and items described under “Selected Financial Data” above.

### Liquidity and Capital Resources

#### General

In order to fund our business and operations, we have relied primarily upon sales of our equity securities, including proceeds from the exercise of stock options and common stock purchase warrants. We also have received limited funding from our strategic partners and licensees.

At December 31, 2014, we had cash and cash equivalents of approximately $32.2 million and short-term investments of $45.6 million. Management believes that our current resources will be sufficient to fund our operations for the foreseeable future. The belief is based, in part, upon our currently projected expenditures for 2015 of approximately $58.6 million**,** which includes approximately $43.9 million for our clinical programs for aldoxorubicin, approximately $2.0 million for pre-clinical development of new albumin-binding cancer drugs, approximately $3.8 million for general operation of our clinical programs and approximately $8.9 million for other general and administrative expenses. These projected expenditures are based upon numerous assumptions and subject to many uncertainties, and our actual expenditures may be significantly different from these projections. We will ultimately be required to obtain additional funding in order to execute our long-term business plans, although we do not currently have commitments from any third parties to provide us with capital. We cannot assure that additional funding will be available on favorable terms, or at all. If we fail to obtain additional funding when needed, we may not be able to execute our business plans and our business may suffer, which would have a material adverse effect on our financial position, results of operations and cash flows.

If we obtain marketing approval and successfully commercialize aldoxorubicin or other product candidate, we anticipate it will take two years, and possibly longer, for us to generate significant recurring revenue, and we will be dependent on future financing until such time, if ever, as we can generate significant recurring revenue. We have no commitments from third parties to provide us with any additional financing, and we may not be able to obtain future financing on favorable terms, or at all. Failure to obtain adequate financing would adversely affect our ability to operate as a going concern. If we raise additional funds by issuing equity securities, dilution to stockholders may result and new investors could have rights superior to holders of the shares issued in this offering. In addition, debt financing, if available, may include restrictive covenants. If adequate funds are not available to us, we may have to liquidate some or all of our assets or to delay or reduce the scope of or eliminate some portion or all of our development programs or clinical trials. We also may have to license to other companies our product candidates or technologies that we would prefer to develop and commercialize ourselves.

**Discussion of Operating, Investing and Financing Activities**

Net loss for the year ended December 31, 2014 was $30.1 million, and cash used for operating activities for that period was $40.6 million. The net loss for the year reflects $6.6 million for stock option and warrant expense, and non-cash gain of $19.1 million on the fair value adjustment of the warrant liability.

Net loss for the year ended December 31, 2013 was $47.5 million, and cash used for operating activities for that period was $23.8 million. The net loss for the year reflects $4.0 million for stock option and warrant expense, and non-cash loss of $20.2 million on the fair value adjustment of the warrant liability.

Net loss for the year ended December 31, 2012 was $18.0 million, and cash used for operating activities for that period was $19.0 million. The net loss for the year reflects $2.4 million for stock option and warrant expense, and a non-cash gain of $2.8 million on the fair value adjustment of the warrant liability.

For the year ended December 31, 2014, $19.5 million was used for investing activities. This included $18.5 million net for the purchase of short-term investments and the remainder for purchase of equipment and furnishings, primarily for our laboratory in Freiburg, Germany.

For the year ended December 31, 2013, $3.1 million was used for investing activities. This included $3.1 million net for the purchase of short-term investments.

For the year ended December 31, 2012, $6.1 million was used for investing activities. This included $5.9 million net for the purchase of short-term investments.

Cash provided by financing activities for the year ended December 31, 2014 was $80.8 million, which included $80.5 million of net proceeds received from our February 2014 public offering.

Cash provided by financing activities for the year ended December 31, 2013 was $24.0 million, which included $24.1 million of net proceeds received from our October 2013 public offering.

Cash provided by financing activities for the year ended December 31, 2012 was $21.5 million, which was attributable to the net proceeds received from our October 2012 public offering.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have a material current effect or that are reasonably likely to have a material future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

***Contractual Obligations***

We acquire assets still in development and enter into research and development arrangements with third parties that often require milestone and royalty payments to the third party contingent upon the occurrence of certain future events linked to the success of the asset in development. Milestone payments may be required, contingent upon the successful achievement of an important point in the development life-cycle of the pharmaceutical product (e.g., approval of the product for marketing by a regulatory agency). We also typically have to make royalty payments based upon a percentage of the sales of the pharmaceutical product in the event that regulatory approval for marketing is obtained. Because of the contingent nature of these payments, they are not included in the table of contractual obligations.

These arrangements may be material individually, and in the event that multiple milestones are reached in the same period, the aggregate charge to expense could be material to the results of operations in any one period. In addition, these arrangements often give us the discretion to unilaterally terminate development of the product, which would allow us to avoid making the contingent payments; however, we are unlikely to cease development if the compound successfully achieves clinical testing objectives.

Our current contractual obligations that will require future cash payments are as follows (in thousands):

| | Operating Leases (1) | Employment Agreements (2) | Subtotal | Research and Development (3) | Total |
|---|---|---|---|---|---|
| 2015 | $ 324 | $ 2,915 | $ 3,239 | $ 26,803 | $ 30,042 |
| 2016 | 296 | 1,000 | 1,296 | 18,142 | 19,438 |
| 2017 | 310 | 1,000 | 1,310 | 7,367 | 8,677 |
| 2018 | 277 | 1,000 | 1,277 | 1,310 | 2,587 |
| 2019 | 278 | — | 278 | — | 278 |
| Thereafter | 59 | — | 59 | — | 59 |
| Total | $ 1,544 | $ 5,915 | $ 7,459 | $ 53,622 | $ 61,081 |

(1) Operating leases are primarily our facility lease obligations, as well as equipment and software lease obligations with third party vendors.

(2) Employment agreements include management contracts that provide for minimum salary levels, adjusted periodically at the discretion of our Compensation Committee, as well as minimum bonuses in some cases.

(3) Research and development obligations relate primarily to our clinical trials. Most of these obligations are cancelable upon notice without liability to us.

We apply the disclosure provisions of ASC 460, *Guarantees* ("ASC 460"), to our contractual guarantees and indemnities. We have provided contractual indemnities to investors and other parties against possible losses suffered or incurred by the indemnified parties in connection with various types of third-party claims, as well as indemnities to our officers and directors against third party claims arising from the services they provide to us. To date, we have not incurred material costs as a result of these indemnities, and we do not expect to incur material costs in the future; further, we maintain insurance to cover certain losses arising from these indemnities. Accordingly, we have not accrued any liabilities related to these indemnities.

**Net Operating Loss Carryforwards**

At December 31, 2014, we had federal and state net operating loss carryforwards of $227.5 million and $157.5 million, respectively, available to offset against future taxable income, which expire in 2015 through 2034.

As a result of a change in-control that occurred in the CytRx shareholder base, approximately $62.3 million in federal net operating loss carryforwards became substantially limited in their annual availability. We currently believe that the remaining $165.2 million in federal net operating loss carryforwards, and the $157.5 million in state net operating loss carryforwards, are unrestricted.

As of December 31, 2014, we also had research and development and alternative minimum tax credits for federal and state purposes of approximately $12.2 million and $17.4 million, respectively, available for offset against future income taxes, which expire in 2022 through 2034. Based on an assessment of all available evidence including, but not limited to, our limited operating history in its core business and lack of profitability, uncertainties of the commercial viability of its technology, the impact of government regulation and healthcare reform initiatives, and other risks normally associated with biotechnology companies, we have concluded that it is more likely than not that these net operating loss carryforwards and credits will not be realized and, as a result, a 100% deferred tax valuation allowance has been recorded against these assets.

**Results of Operations**

We incurred a net loss of $30.1 million, $47.5 million and $18.0 million for the years ended December 31, 2014, 2013 and 2012, respectively.

During 2014, 2013 and 2012, we recognized no service revenue and earned an immaterial amount of license fees and grant revenue. All future licensing fees under our current licensing agreements are dependent upon successful development milestones being achieved by our licensees. During 2015, we are not anticipating any significant service or license fees revenue.

Our net loss may increase from current levels primarily due to expenses related to our ongoing and planned clinical trials, research and development programs, possible technology acquisitions, and other general corporate activities. We anticipate, therefore, that our operating results will fluctuate for the foreseeable future and period-to-period comparisons should not be relied upon as predictive of the results in future periods.

***Research and Development***

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | | (In thousands) | |
| Research and development expenses | $ 34,203 | $ 17,072 | $ 12,338 |
| Non-cash research and development expenses | 1,543 | 186 | — |
| Employee stock and stock option expense | 932 | 242 | 346 |
| Total | $ 36,678 | $ 17,500 | $ 12,684 |

Research expenses are expenses incurred by us in the discovery of new information that will assist us in the creation and the development of new drugs or treatments. Development expenses are expenses incurred by us in our efforts to commercialize the findings generated through our research efforts.

Research and development expenses incurred during 2014, 2013 and 2012 relate to our various development programs. In 2014, our research and development expenses increased over 2013 as we initiated our pivotal, global Phase 3 clinical trial with aldoxorubicin as a second-line treatment for STS and completed our global Phase 2b clinical trial with aldoxorubicin as a first-line treatment for STS. In 2014, we also continued our Phase 2 clinical trial with aldoxorubicin in patients with late-stage glioblastoma (brain cancer), and initiated a global Phase 2b clinical trial in small cell lung cancer, a Phase 2 clinical trial in HIV-related Kaposi's sarcoma, a Phase 1b trial in combination with ifosfamide in patients with soft tissue sarcoma, and a Phase 1b trial in combination with gemcitabine in subjects with metastatic solid tumors. In 2014, our development costs included approximately $29.9 million for our clinical programs for aldoxorubicin, approximately $1.0 million for pre-clinical development of new albumin-binding cancer drugs and approximately $3.3 million for general operation of our clinical programs. None of our research and development costs have ever been capitalized.

As compensation to consultants, or in connection with the acquisition of technology, we sometimes issue shares of common stock, stock options and warrants to purchase shares of common stock. For financial statement purposes, we value these shares of common stock, stock options, and warrants at the fair value of the common stock, stock options or warrants granted, or the services received, whichever is more reliably measurable. In 2014, we recorded $1.5 million of non-cash expense, as compared to $0.2 million in 2013 and $0 in 2012. In 2014, we recorded $0.9 million of employee stock and stock option expense, as compared to $0.2 million in 2013 and $0.3 million in 2012.

In 2015, we expect our research and development expenses to increase significantly primarily as a result of our pivotal Phase 3 global trial of aldoxorubicin and our global Phase 2b clinical trial in small cell lung cancer.

***General and Administrative***

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | | (In thousands) | |
| General and administrative expenses | $ 8,724 | $ 6,717 | $ 6,308 |
| Stock, stock option and warrant expenses to non-employees and consultants | 1,737 | 858 | 438 |
| Employee stock option expense | 2,384 | 2,699 | 1,607 |
| Total | $ 12,845 | $ 10,274 | $ 8,353 |

General and administrative expenses include all administrative salaries and general corporate expenses, including legal expenses associated with the prosecution of our intellectual property. Our general and administrative expenses, excluding common stock, stock options and warrants issued, were $8.7 million, $6.7 million and $6.3 million in 2014, 2013 and 2012, respectively. These expenses increased in 2014 primarily due to an increase in legal fees of $1.5 million associated with legal proceedings instituted against us, as well as an increase in payroll of approximately $0.3 million and an increase in insurance premiums of approximately $0.2 million. These expenses increased from 2012 to 2013, primarily due to an increase of $0.3 million in bonuses paid related to the favorable results from the Phase 2b clinical trial of STS.

From time to time, we issue shares of our common stock or warrants or options to purchase shares of our common stock to consultants and other service providers in exchange for services. For financial statement purposes, we value these shares of common stock, stock options, and warrants at the fair value of the common stock, stock options or warrants granted, or the services received whichever we can measure more reliably. In 2014, we recorded $1.7 million of such expenses, as compared to $0.9 million and $0.4 million in 2013 and 2012, respectively. We recorded employee stock option expense of $2.4 million, $2.7 million and $1.6 million in 2014, 2013 and 2012, respectively.

***Depreciation and Amortization***

Depreciation and amortization expenses for the years ended December 31, 2014, 2013 and 2012 were approximately $0.2 million, $0.1 million and $0.1 million, respectively. The depreciation expense reflects the depreciation of our equipment and furnishings.

***Other Income***

In 2014, 2013 and 2012, we recognized non-cash gains (losses) of $19.1 million, ($20.2) million and $2.8 million, respectively, on the revaluation of our warrant derivative liabilities related to warrants issued in August 2011 and July 2009.

***Interest Income***

Interest income was $0.3 million in 2014, $0.1 million in 2013 and $0.1 million in 2012. The variances between years are attributable primarily to the amount of funds available for investment each year and, to a lesser extent, changes in prevailing market interest rates.

**Recent Accounting Pronouncements**

In May 2014, FASB issued Accounting Standards Update 2014-09, "*Revenue from Contracts with Customers*" ("ASU 2014-09"), which amended the existing accounting standards for revenue recognition. ASU 2014-9 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the consideration expected to be received in exchange for those goods or services. The updated standard will replace most existing GAAP revenue recognition guidance when it becomes effective, and permits the use of either the retrospective or cumulative effect transition method. Early adoption of this accounting standard is not permitted. ASU 2014-09 will become effective for the first interim period beginning January 1, 2017. The company has not yet selected a transition method and is currently evaluating the effect that ASU 2014-9 will have on its financial statements.

In August 2014, FASB issued Accounting Standards Update 2014-15, "*Presentation of Financial Statements – Going Concern (Subtopic 205-40)*". The new guidance addresses management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Company does not expect to early adopt this guidance and does not believe that the adoption of this guidance will have a material impact on its financial statements.

**Item 7A.** ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Our exposure to market risk is limited primarily to interest income sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because a significant portion of our investments are in short-term debt securities issued by the U.S. government and institutional money market funds. The primary objective of our investment activities is to preserve principal. Due to the short-term nature of our investments, we believe that we are not exposed to any material market risk. We do not have any speculative or hedging derivative financial instruments or foreign currency instruments. If interest rates had varied by 10% in the year ended December 31, 2014, it would not have had a material effect on our results of operations or cash flows for that period.

**Item 8.** ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

Our financial statements and supplemental schedule and notes thereto as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, together with the reports thereon of our independent registered public accounting firm, are set forth on pages F-1 to F-21 of this Annual Report.

**Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**Item 9A. CONTROLS AND PROCEDURES**

**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Securities Exchange Act Rule 13a-15(e)) as of December 31, 2014, the end of the period covered by this Annual Report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2014.

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework (2013 Edition)*. Based upon management's assessment using the criteria contained in COSO, our management has concluded that our internal control over financial reporting was effective as of December 31, 2014.

The effectiveness of our internal controls over financial reporting as of December 31, 2014 has been audited by BDO USA, LLP, an independent registered public accounting firm, as stated in their report appearing below.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
CytRx Corporation
Los Angeles, California

We have audited CytRx Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). CytRx Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CytRx Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets of the Company as of December 31, 2014 and 2013, and the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014 and our report dated March 10, 2015 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Los Angeles, California
March 10, 2015

**Item 9B. OTHER INFORMATION**

None.

## PART III

### Item 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The following table sets forth information concerning our directors and executive officers:

| Name | Age | Class of Director(1) | Position |
|---|---|---|---|
| Steven A. Kriegsman | 73 | II | Director, Chairman of the Board, Chief Executive Officer, President |
| Louis Ignarro, Ph.D. | 73 | I | Director (2) (3) (4) |
| Joseph Rubinfeld, Ph.D. | 82 | I | Director (2) (3) (4) |
| Richard L. Wennekamp | 72 | III | Director (2) (4) |
| Anita Chawla, Ph.D. | 56 | II | Director (3) (4) |
| John Caloz | 63 | — | Chief Financial Officer |
| Daniel Levitt, M.D., Ph.D. | 67 | — | Executive Vice President and Chief Medical Officer |
| D. Scott Wieland | 55 | — | Senior Vice President-Drug Development |
| Benjamin S. Levin | 38 | — | Senior Vice President, General Counsel and Corporate Secretary |
| David J. Haen | 36 | — | Vice President – Business Development and Investor Relations |

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(1) Our Class III director serves until the 2015 annual meeting of stockholders, our Class I directors serve until the 2016 annual meeting of stockholders, and our Class II director serves until the 2017 annual meeting of stockholders.

(2) Members of our Audit Committee. Mr. Wennekamp is Chairman of the Committee.

(3) Members of our Nominating and Corporate Governance Committee. Dr. Ignarro is Chairman of the Committee.

(4) Members of our Compensation Committee. Dr. Rubinfeld is Chairman of the Committee.

*Steven A. Kriegsman* has been CytRx's President and Chief Executive Officer and a director since July 2002. In October 2014, he was elected Chairman of the Board. He also serves as a director of Galena Biopharma, a listed public company, and is a member of its Compensation Committee and a member of its Strategy Committee. Mr. Kriegsman also serves on the Board of Directors of Catasys, Inc. He previously served as Director and Chairman of Global Genomics from June 2000 until 2002. Mr. Kriegsman is an inactive Chairman and Founder of Kriegsman Capital Group LLC, a financial advisory firm specializing in the development of alternative sources of equity capital for emerging growth companies in the healthcare industry. During his career, he has advised such companies as SuperGen Inc., Closure Medical Corporation, Novoste Corporation, Miravant Medical Technologies, and Maxim Pharmaceuticals. In the past five years, Mr. Kriegsman has also served on the Board of Directors of Bradley Pharmaceuticals, Inc. and Hythiam, Inc. Mr. Kriegsman has a B.S. degree with honors from New York University in Accounting and completed the Executive Program in Mergers and Acquisitions at New York University, The Management Institute. Mr. Kriegsman is a graduate of the Stanford Law School Directors' College

Mr. Kriegsman was formerly a Certified Public Accountant with KPMG in New York City. In February 2006, Mr. Kriegsman received the Corporate Philanthropist of the Year Award from the Greater Los Angeles Chapter of the ALS Association and in October 2006, he received the Lou Gehrig Memorial Corporate Award from the Muscular Dystrophy Association. Mr. Kriegsman has been a guest speaker and lecturer at various universities including California Institute of Technology (Caltech), Brown University, and New York University. He also was an instructor at York College in Jamaica (Queens), NY, where he taught business to a diverse group of students in York's adult education program. Mr. Kriegsman has been active in various charitable organizations including the Biotechnology Industry Organization, the California Health Institute, the ALS Association, the Los Angeles Venture Association, the Southern California Biomedical Council, the American Association of Dance Companies and the Palisades-Malibu YMCA.

Mr. Kriegsman's extensive history as a member of management is vital to the board of directors' collective knowledge of our day-to-day operations. Mr. Kriegsman also provides great insight as to how CytRx grew as an organization and his institutional knowledge is an invaluable asset to the board of directors in effecting its oversight of CytRx's strategic plans. Mr. Kriegsman's presence on the board of directors also allows for a flow of information and ideas between the board of directors and management.

*Louis Ignarro, Ph.D.* has been a director since July 2002. He previously served as a director of Global Genomics since November 20, 2000. Dr. Ignarro serves as the Jerome J. Belzer, M.D. Distinguished Professor of Pharmacology in the Department of Molecular and Medical Pharmacology at the UCLA School of Medicine. Dr. Ignarro has been at the UCLA School of Medicine since 1985 as a professor, acting chairman and assistant dean. Dr. Ignarro received the Nobel Prize for Medicine in 1998. Dr. Ignarro received a B.S. in pharmacy from Columbia University and his Ph.D. in Pharmacology from the University of Minnesota. Dr. Ignarro is a Nobel Laureate and an esteemed medical researcher whose experience enables him to offer importance scientific guidance to our Board of Directors.

*Joseph Rubinfeld, Ph.D.* has been a director since July 2002. He co-founded SuperGen, Inc. in 1991 and has served as its Chief Executive Officer and President and as a director since its inception until December 31, 2003. He resigned as Chairman Emeritus of SuperGen, Inc. on February 8, 2005. Dr. Rubinfeld was also Chief Scientific Officer of SuperGen from 1991 until September 1997. Dr. Rubinfeld is also a founder of JJ Pharma. Dr. Rubinfeld was one of the four initial founders of Amgen, Inc. in 1980 and served as a Vice President and its Chief of Operations until 1983. From 1987 until 1990, Dr. Rubinfeld was a Senior Director at Cetus Corporation and from 1968 to 1980, Dr. Rubinfeld was employed at Bristol-Myers Company, International Division in a variety of positions. Dr. Rubinfeld received a B.S. degree in chemistry from C.C.N.Y. and an M.A. and Ph.D. in chemistry from Columbia University.

Dr. Rubinfeld served as a senior executive of several large pharmaceutical companies before leaving to co-found SuperGen and served as Chief Executive Officer or in other senior executive capacities with highly successful companies. Dr. Rubinfeld's academic training and business experience enhances the breadth and scope of our Board's oversight of our company's management, business, strategic relationships, and other activities, while his vision adds to the long-range planning of our Board of Directors and management.

*Richard L. Wennekamp* has been a director since October 2003. He retired from Community Bank in June 2008 where he was the Senior Vice President-Credit Administration since October 2002. From September 1980 to July 2002, Mr. Wennekamp was an executive officer of Bank of America Corporation, holding various positions, including Managing Director-Credit Product Executive for the last four years of his 22-year term with the bank. From 1977 through 1980, Mr. Wennekamp was a Special Assistant to former President of the United States, Gerald R. Ford, and the Executive Director of the Ford Transition Office. Prior thereto, he served as Staff Assistant to the President of the United States for one year, and as the Special Assistant to the Assistant Secretary of Commerce of the U.S.

Mr. Wennekamp's senior executive experience in the banking and financial services industry distinguishes him from our other directors and adds unique capabilities and a different perspective to the deliberations of our Board of Directors. As a former chief credit officer at Bank of America and Community Bank, he understands the credit needs, financing requirements, and operational constraints of development-stage and mature businesses that he is able to utilize as the named financial expert on our Audit Committee.

*Anita J. Chawla, Ph.D.* joined the board in March, 2015. She is an economist with more than 25 years of experience in the health care sector. She has extensive experience using economic analyses to support the business objectives of life sciences companies. In her work, Dr. Chawla has assessed the value of a wide range of therapies to inform health care decision makers. Dr. Chawla specializes in helping pharmaceutical, biotechnology, medical device, and diagnostic companies address market access challenges, particularly as they relate to coverage and reimbursement determination and evidence-based review, through all phases of product development and commercialization. Dr. Chawla graduated Phi Beta Kappa with a Bachelor of Arts degree in economics and political science from Wellesley College. She earned a PhD in economics from the University of Michigan. Dr. Chawla is a Managing Principal at Analysis Group, Inc. Prior to joining Analysis Group in 2007, she was head of the Health Economics & Outcomes Research department at Genentech, Inc. from 2001 to 2006. She has also held positions at Thomson Medstat (The MEDSTAT Group), Research and Policy Division (1993-2000) and the American Medical Association, Center for Health Policy Research (1989-1993). Dr. Chawla is no relation to any other Company employees named Chawla.

*Daniel Levitt, M.D., Ph.D.* joined us in October 2009 as our Chief Medical Officer, and was promoted to the position of Executive Vice President in 2013. Dr. Levitt brings more than 24 years of senior management experience, having spearheaded numerous drug development programs to commercialization at leading biotechnology and pharmaceutical companies. Prior to joining CytRx, Dr. Levitt served from January 2007 to February 2009 as Executive Vice President, Research and Development at Cerimon Pharmaceuticals, Inc. Prior to that, from August 2003 to April 2006, he was Chief Medical Officer and Head of Clinical and Regulatory Affairs at Dynavax Technologies Corporation, managing clinical trials for four programs and overseeing multi-country regulatory strategies. From August 2002 to July 2003, Dr. Levitt was Chief Operating Officer and Head of Research and Development at Affymax, Inc., and prior to that he spent six years at Protein Design Labs, Inc., completing his tenure as that firm's President and Head of Research and Development. Dr. Levitt's past experience includes a position as Head of Drug Development at Geron Corporation, and Head of the Cytokine Development Unit and Global Clinical Oncology at Sandoz Pharmaceuticals Ltd., and as Director, Clinical Oncology and Immunology at Hoffmann-LaRoche, Inc. Dr. Levitt graduated Magna Cum Laude and Phi Beta Kappa with a Bachelor of Arts degree from Brandeis University. He earned both his M.D. and his Ph.D. in Biology from the University of Chicago, Pritzker School of Medicine. Dr. Levitt has received ten major research awards and authored or co-authored nearly 200 papers and abstracts.

*John Y. Caloz* joined us in October 2007 as our Chief Accounting Officer. In January of 2009 Mr. Caloz was named Chief Financial Officer. He has a history of providing senior financial leadership in the life sciences sector, as Chief Financial Officer of Occulogix, Inc, a NASDAQ listed, medical therapy company. Prior to that, Mr. Caloz served as Chief Financial Officer of IRIS International Inc., a Chatsworth, CA based medical device manufacturer. He served as Chief Financial Officer of San Francisco-based Synarc, Inc., a medical imaging company, and from 1993 to 1999 he was Senior Vice President, Finance and Chief Financial Officer of Phoenix International Life Sciences Inc. of Montreal, Canada, which was acquired by MDS Inc. in 1999. Mr. Caloz was a partner at Rooney, Greig, Whitrod, Filion & Associates of Saint Laurent, Quebec, Canada, a firm of Chartered Accountants specializing in research and development and high tech companies, from 1983 to 1993. Mr. Caloz, a Chartered Professional Accountant and Chartered Accountant, holds a degree in Accounting from York University, Toronto, Canada.

*Scott Wieland, Ph.D* joined CytRx in 2005 as the Vice President, Clinical and Regulatory Affairs and was promoted to the position of Senior Vice President, Drug Development in December 2008. Prior to that, he served in senior level positions in the areas of Drug Development, Clinical and Regulatory Affairs at various biotech firms. He spent five years at NeoTherapeutics, Inc. serving as the Director of Product Development and was later promoted to Vice President of Product Development. From 1990 to 1997, he served as Director of Regulatory Affairs at CoCensys, Inc. Dr. Wieland has a Ph.D. in Biopsychology and an M.A. in Psychology from the University of Arizona. He has an MBA from Webster University. Dr. Wieland received his B.S. in Physiological Psychology from the University of California, Santa Barbara.

*Benjamin S. Levin* joined us in July 2004 as our General Counsel and Corporate Secretary, and since December 2013 has served additionally as Senior Vice President. From November 1999 to June 2004, Mr. Levin was an associate in the transactions department of the Los Angeles office of O'Melveny & Myers LLP. Mr. Levin received his S.B. in Economics from the Massachusetts Institute of Technology, and a J.D. from Stanford Law School.

*David J. Haen* joined CytRx in October 2003 as Director of Business Development and was promoted to Vice President of Business Development in December 2007. Since 2013, he also serves as Vice President of Investor Relations. From 1999 to 2003, Mr. Haen worked as an associate for Kriegsman Capital Group LLC, a financial advisory firm focused on emerging companies in the life sciences field. Mr. Haen received a B.A. in Communications and Business from Loyola Marymount University.

**Diversity**

Our board of directors, acting through the Nomination and Governance Committee, is responsible for assembling for stockholder consideration director-nominees who, taken together, have appropriate experience, qualifications, attributes, and skills to function effectively as a board. The Nomination and Governance Committee periodically reviews the composition of the board of directors in light of our changing requirements, its assessment of the board of directors' performance, and the input of stockholders and other key constituencies. The Nomination and Governance Committee looks for certain characteristics common to all board members, including integrity, strong professional reputation and record of achievement, constructive and collegial personal attributes, and the ability and commitment to devote sufficient time and energy to board service. In addition, the Nomination and Governance Committee seeks to include on the board of directors a complementary mix of individuals with diverse backgrounds and skills reflecting the broad set of challenges that the board of directors confronts. These individual qualities can include matters such as experience in the company's industry, technical experience (*i.e.*, medical or research expertise), experience gained in situations comparable to the company's, leadership experience, and relevant geographical diversity.

Committees

Our business, property and affairs are managed by or under the direction of the board of directors. Members of the board are kept informed of our business through informal discussions with our chief executive and financial officers and other officers, by reviewing materials provided to them and by participating at meetings of the board and its committees.

Our board of directors currently has three committees. The Audit Committee consists of Mr. Wennekamp, Dr. Rubinfeld, and Dr. Ignarro. The Compensation Committee consists of Dr. Rubinfeld, Mr. Wennekamp, Dr. Ignarro, and Dr. Chawla; and the Nomination and Governance Committee consists of Dr. Ignarro, Dr. Rubinfeld, and Dr. Chawla. Such committees operate under formal charters that govern their duties and conduct. Copies of the charters are available on our website at www.cytrx.com.

Our board of directors has determined that Mr. Wennekamp, one of the independent directors serving on our Audit Committee, is an "audit committee financial expert" as defined by the SEC's rules. Our board of directors has determined that Messrs. Rubinfeld, Ignarro, Wennekamp and Dr. Chawla are "independent" under the current independence standards of both The NASDAQ Capital Market and the SEC.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Each of our executive officers and directors and persons who own more than 10% of our outstanding shares of common stock is required under Section 16(a) of the Securities Exchange Act to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and to furnish us with copies of those reports. Based solely on our review of copies of reports we have received and written representations from certain reporting persons, we believe that our directors and executive officers and greater than 10% shareholders for 2014 complied with all applicable Section 16(a) filing requirements.

**Code of Ethics**

We have adopted a Code of Ethics applicable to all employees, including our principal executive officer, principal financial officer and principal accounting officer, a copy of which is available on our website at www.cytrx.com. We will furnish, without charge, a copy of our Code of Ethics upon request. Such requests should be directed to Attention: Corporate Secretary, 11726 San Vicente Boulevard, Suite 650, Los Angeles, California, or by telephone at 310-826-5648.

**Board Leadership Structure**

Our board of directors is currently led by the company's Chairman and Chief Executive Officer ("CEO"). On October 15, 2014, the Board appointed Steven A. Kriegsman, the company's President and CEO, as Chairman of the Board to replace Max Link, Ph.D., who passed away earlier that month. The Chairman of the Board presides at all meetings of our board of directors (but not at its executive sessions) and exercises and performs such other powers and duties as may be assigned to him from time to time by the board or prescribed by the company's amended and restated bylaws.

Our board of directors has no established policy on whether it should be led by a Chairman who is also the CEO, but periodically considers whether combining, or separating, the role of Chairman and CEO is appropriate. At this time, our board is committed to the combined role given the circumstances of the company, including Mr. Kriegsman's knowledge of the pharmaceutical industry and our company's strategy. Our board believes that having a Chairman who also serves as the CEO allows timely communication with our board on company strategy and critical business issues, facilitates bringing key strategic and business issues and risks to the board's attention, avoids ambiguity in leadership within the company, provides a unified leadership voice externally and clarifies accountability for company business decisions and initiatives. The board will continue to assess whether this leadership structure is appropriate and will adjust it as it deems necessary.

**Board of Directors Role in Risk Oversight**

In connection with its oversight responsibilities, our board of directors, including the Audit Committee, periodically assesses the significant risks that we face. These risks include, but are not limited to, financial, technological, competitive, and operational risks. Our board of directors administers its risk oversight responsibilities through our President and Chief Executive Officer, Chief Financial Officer, General Counsel who review and assess the operations of our business, as well as operating management's identification, assessment and mitigation of the material risks affecting our operations.

### Item 11. *EXECUTIVE COMPENSATION*

## Compensation Discussion and Analysis

***Overview of Executive Compensation Program***

The Compensation Committee of our Board of Directors has responsibility for establishing, implementing and monitoring our executive compensation program philosophy and practices. Generally speaking, the Compensation Committee recommends the compensation of our President and Chief Executive Officer and other named executive officers, and those recommendations are approved by our Board of Directors.

The Compensation Committee seeks to ensure that the total compensation paid to our named executive officers is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to the named executive officers are similar to those provided to our other officers.

The Compensation Committee operates under a formal charter, a copy of which is available on our website at www.cytrx.com, that governs its duties and conduct.

At the 2014 annual meeting of stockholders, the stockholders on a non-binding, advisory basis, approved the compensation of our executive officers as disclosed in our 2014 proxy statement. Based upon the results of this stockholder advisory vote, the Compensation Committee determined to follow the stockholders' recommendation and to continue its compensation policies and procedures.

Throughout this Annual Report, the individuals included in the Summary Compensation Table below are referred to as our "named executive officers."

***Compensation Philosophy and Objectives***

The components of our executive compensation consist of salary, annual and special cash bonuses awarded based on the Compensation Committee's subjective assessment of the achievement of corporate goals and each individual executive's job performance, stock option grants to provide executives with longer-term incentives, and occasional special compensation awards (either cash, stock or stock options) to reward extraordinary efforts or results such as the position interim results of our Phase 2b clinical trial of aldoxorubicin in STS or successful capital raising activities.

The Compensation Committee believes that an effective executive compensation program should provide base annual compensation that is reasonable in relation to individual executive's job responsibilities and reward the achievement of strategic goals of our company. We use annual and other periodic cash bonuses to reward an officer's achievement of specific goals, including goals related to the development of our drug candidates and replenishment and management of our working capital. We use employee stock options as a retention tool and as a means to align the executive's long-term interests with those of our stockholders, with the ultimate objective of affording our executives an appropriate incentive to improve stockholder value. The Compensation Committee evaluates both performance and compensation to maintain our company's ability to attract and retain excellent employees in key positions and to assure that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of comparable companies.

Each of the corporate goals established and subsequently reviewed by the Compensation Committee results from a collaboration among our named executive officers, including the leadership of our President and Chief Executive Officer and the support of our principal legal, financial, clinical, medical and business development officers. The Compensation Committee's assessment of the relative contribution of each named executive officer is based on periodic reports to our full Board of Directors regarding the progress of these business accomplishments and the individual efforts of our named executive officers, and year-end consultations, which include discussions of performance reviews, with our President and Chief Executive Officer that are a normal part of the Compensation Committee's compensation determinations. The Compensation Committee employs no objective measure of any individual's contribution.

The bonus amounts awarded to our eligible named executive officers are a function of their office and total compensation relative to the total compensation of our President and Chief Executive officer, as adjusted by their relative employee evaluation, and with consideration given to comparable company data for similarly-situated employees. The bonus amounts awarded to each named executive officer is set forth in the Summary Compensation Table.

Because of the size of our company, the small number of executive officers in our company, and our company's financial priorities, the Compensation Committee has not implemented any pension benefits, deferred compensation plans or other similar plans for our named executive officers.

***Role of Executive Officers in Compensation Decisions***

The Compensation Committee annually determines the compensation of our named executive officers. Our President and Chief Executive Officer, or CEO, typically attends all meetings of the Compensation Committee, except for executive sessions at which his compensation is determined. At the request of the Compensation Committee, our CEO provides his assessment of the performance of our named executive officers, other than himself. Our CEO also takes an active part in the discussions of the compensation of named executive officers other than himself and assists in the development of a review matrix of each executive's contributions to the goals of the company that forms the basis for some compensation determinations. The Compensation Committee grants due consideration to our CEO's assessments when making determinations regarding the compensation of our named executive officers. All Compensation Committee deliberations and determinations regarding the compensation of our CEO are made without the presence of our CEO.

***Setting Executive Compensation***

Based on the foregoing objectives, the Compensation Committee has structured the company's annual cash and incentive-based cash and non-cash executive compensation to seek to motivate our named executives to achieve our company's business goals, including goals related to the development of the our drug candidates and management of working capital, to reward the executives for achieving such goals, and to retain the executives. In doing so, the Compensation Committee historically has not employed outside compensation consultants. During 2014, the Compensation Committee obtained three industry compensation surveys and used them in its compensation deliberations regarding cash and equity compensation for our executive officers. The surveys used were an Equilar survey of public companies with a market capitalization between $50 million and $200 million, the Radford Global Life Sciences Survey, which is a survey of public and private life sciences companies of all sizes, and a survey of public and private companies in Los Angeles provided by salary.com (which the Compensation Committee uses to adjust to geographic differences in cost of living).

The Compensation Committee utilized this data to set annual salary increases and bonus amounts for our executive officers at levels targeted at or around the third quartile of compensation amounts provided to executives at comparable companies, considering each individual's experience level related to their position with us. The Compensation Committee has no policy regarding the use of benchmarks, and we have no established policy or target for the allocation between cash and non-cash incentive compensation.

The Compensation Committee is authorized to retain its own independent advisors to assist in carrying out its responsibilities, but has not relied upon outside compensation consultants.

***Performance-driven Compensation***

We emphasize performance in annually reviewing and setting our executive officers' base salaries, bonuses and equity incentive compensation. This emphasis on performance with respect to a substantial portion of compensation is intended to motivate our executive officers to pursue our corporate goals, reward them for achievement of these goals and align their interests with those of our stockholders.

Each year, we determine goals that we hope to achieve in the coming year, both on a company and individual basis. Our overall corporate performance as compared to these goals, and an individual's performance compared to his or her individual goals, primarily drive the recommendations that the Compensation Committee with respect to each executive officer's base salary, cash bonus and equity incentive compensation. Other factors, such as larger macroeconomic conditions of the industry and market in which we compete, as well as strategic business decisions and issues related to key employee retention, also influence compensation decisions.

Individual performance goals for each year initially are identified and developed by senior executives through a self-evaluation and goal-setting process, and our CEO refines and documents those goals in conjunction with the Compensation Committee. At the end of the year, the Compensation Committee reviews each performance goal and determines the extent to which we achieved such goals, and our CEO assesses the achievement of specific performance goals relating to our other executive officers.

In establishing performance goals, the Compensation Committee considers whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our company's business and seeks to avoid creating any such incentives.

***Company Performance Goals***

For 2014, the Compensation Committee and the Board of Directors approved the following performance goals:

- Initiate the aldoxorubicin Phase 3 STS clinical trial;
- Initiate the aldoxorubicin Phase 2 Kaposi's sarcoma clinical trial and the Phase 2 small cell lung cancer clinical trial;
- Complete the aldoxorubicin Phase 2 GBM clinical trial;
- Establish a pre-clinical laboratory in Freiburg, Germany to identify new anti-cancer drug candidates based on novel linker technologies;
- Raise additional capital.

For 2014, the Compensation Committee determined that, with the exception of the completion of the Phase 2 clinical trial for GBM (for which the timeline has been extended), each of the corporate goals had either been achieved, or substantial progress towards achievement had been made, and noted the particular contributions of executive officers to the achievement of those goals.

***Individual Performance***

The Compensation Committee reviews our executive officers' performance based on overall achievement of the corporate goals and a review of individual goals developed for each executive officer every year. The Compensation Committee, with the assistance of our CEO, determines the relative achievement of the performance goals applicable to each executive officer, and assigns a performance rating based on a set of criteria set forth in an evaluation form. No specific formula is used with respect to setting any particular element of compensation based on the individual performance metrics. The score assigned to each officer was based on a subjective assessment by our Compensation Committee members of the officer's performance against the scoring standards of:

1 – Consistently Exceeds Expectations
2 – Sometimes Exceeds Expectations
3 – Meets Expectations
4 – Sometimes Meets Expectations
5 – Needs Improvement

The numerical job scores, with a 1.0 being the best and 5.0 being the worst, are determined based on an initial self-assessment by the officer, which is subject to change based on an evaluation of the self-assessment by the officer's direct supervisor and on the Compensation Committee's own assessment of the officer's job performance.

For 2014, our Compensation Committee determined that the individual performance scores indicated below were merited by the officer's respective contributions to our key business achievements discussed above, as well as the performance of their day-to-day responsibilities. On an officer-by-officer basis, our Compensation Committee also considered the following:

Mr. Kriegsman's individual performance goals relate primarily to overall corporate objectives, including building stockholder value as reflected in our market capitalization and our working capital, managing and directing the executive management team, and successfully developing our company's operations and personnel for future success. Based on those criteria, and noting our positive final results of our Phase 2b clinical trial of aldoxorubicin for STS, and the initiation of our global Phase 3 STS clinical trial and our global SCLC clinical trial, the Compensation Committee gave a rating of 1.1 to Mr. Kriegsman.

Mr. Caloz's individual performance goals relate primarily to achievement of key financial objectives, such as managing and raising working capital, controlling spending, managing accounting personnel and maintaining regulatory compliance. Based on those criteria, the Compensation Committee noted Mr. Caloz's role in obtaining needed working capital, his efforts to control expenditures, the continued improvement of our accounting department, and our compliance with filing deadlines, and gave a rating of 1.1 to Mr. Caloz.

Dr. Levitt's individual performance goals relate primarily to the achievement of key strategic and clinical objectives related to our clinical research programs, including ultimate oversight of the design and execution of our clinical programs, and analysis and implementation of new clinical opportunities improve stockholder value. Dr. Levitt was also instrumental in establishing our new drug discovery laboratory in Freiburg, Germany, to establish the next generation of CytRx drug candidates. Based on those criteria, the Compensation Committee noted Dr. Levitt's efforts towards our achievement of our key clinical goals, including the initiation of multiple new clinical trials and the announcement of positive data from our Phase 2b clinical trial of STS aldoxorubicin for STS and, his development of strategic plans to build value, and gave a rating of 1.2 to Dr. Levitt.

Mr. Levin's individual performance goals relate primarily to the management of the company's legal risk, advice provided to the board of directors and management, and maintaining regulatory compliance. Based on those criteria, the Compensation Committee noted Mr. Levin's timely and useful advice on key corporate matters, including the establishment of the Company's drug discovery laboratory in Freiburg, Germany, and his efforts to reduce corporate risk, his work overseeing ongoing corporate litigation, and his work ensuring compliance with various regulations, and gave a rating of 1.8 to Mr. Levin.

Dr. Wieland's individual performance goals relate primarily to the execution of the objectives related to our clinical development, including planning, initiation, budgeting and management of our clinical programs. Based on those criteria, the Compensation Committee noted Dr. Wieland's role in our achievement of key clinical goals, including the initiation of multiple new clinical trials, and gave a rating of 1.1 to Dr. Wieland.

***2014 Executive Compensation Components***

For 2014, as in recent years, the principal components of compensation for the named executive officers were:

- base salary;
- annual bonuses; and
- equity incentive compensation.

***Base Salary***

We provide named executive officers and other employees with base salary to compensate them for services rendered during the year. Generally, the base salary element of compensation is used to recognize the experience, skills, knowledge and responsibilities required of each named executive officer, and reflects our executive officers' overall sustained performance and contributions to our business.

During its review of base salaries for executives, the Compensation Committee primarily considers:

- the negotiated terms of each executive's employment agreement, if any;
- each executive's individual performance;
- an internal review of the executive's compensation, both individually and relative to other named executive officers; and
- to a lesser extent, base salaries paid by comparable companies.

Salary levels are typically considered annually as part of our company's performance review process, as well as upon a change in job responsibility. Merit-based increases to salaries are based on our company's available resources and the Compensation Committee's assessment of the individual's performance. This assessment is based upon written evaluations of such criteria as job knowledge, communication, problem solving, initiative, goal-setting, and expense management. In 2014, the Compensation Committee considered our successful achievement or substantial progress towards our corporate performance goals, and with consideration of the challenging financial environment, and our anticipation of clinical significant clinical activities in 2015 and beyond, awarded modest increases in base salary for 2015 for some executives. Base salaries were also reviewed in light of the Equilar, Radford and salary.com survey data to validate that they were within acceptable ranges based on market salaries.

***Annual and Special Bonuses***

As we do not generate significant revenue and have not commercially released any products, the Compensation Committee bases its discretionary annual bonus awards on the achievement of corporate and individual goals, efforts related to extraordinary transactions, effective fund-raising efforts, effective management of personnel and capital resources, and bonuses paid by comparable companies, among other criteria. Mr. Kriegsman's employment agreement entitles him to an annual cash bonus in an amount to be determined in our discretion, but not less than $150,000, and Dr. Levitt's employment agreement provides that his bonus will not be less than $150,000. Any cash bonuses to our other named executive officers are entirely in our discretion.

During 2014, the Compensation Committee granted Mr. Kriegsman a retention bonus of $300,000 and an annual cash bonus of $150,000, and granted cash bonuses to the other named executive officers ranging from $100,000 to $300,000, principally based on their efforts in helping us advance the development of aldoxorubicin.

***Equity Incentive Compensation***

We believe that strong long-term corporate performance is achieved with a corporate culture that encourages a long-term focus by our executive officers through the use of equity awards, the value of which depends on our stock performance. We have established equity incentive plans to provide all of our employees, including our executive officers, with incentives to help align those employees' interests with the interests of our stockholders and to enable them to participate in the long-term appreciation of our stockholder value. Additionally, equity awards provide an important retention tool for key employees, as the awards generally are subject to vesting over an extended period of time based on continued service with us.

Typically, equity awards are granted annually at the end of each year based primarily on corporate performance as a whole during the preceding year. In addition, we may grant equity awards upon the occurrence of certain events during the year, for example, upon an employee's hire or achievement of a significant business objective such as positive results or other progress of our clinical trials or successful capital-raising efforts.

No formula is used in setting equity award grants and the determination of whether to grant equity awards, or the size of such equity awards, to our executive officers; rather, it involves subjective assessments by our board of directors, Compensation Committee and, with respect to executive officers other than himself, our CEO. Generally, annual equity awards are driven by our retention of experienced employees, and we consider individual performance and contributions during the preceding year to the extent our Board of Directors and Compensation Committee believe such factors are relevant. As with base salary and cash bonuses, for 2014 our Board of Directors and Compensation Committee also considered data from three surveys in determining equity award grants to our executive officers.

In December 2014, the Board granted to Mr. Kriegsman nonqualified options to purchase 600,000 share of our common stock at a price of $2.15 per share, which equaled the closing market prices on the dates of grant. The options vest monthly over three years, unless Mr. Kriegsman's employment is terminated by us without "cause," or by Mr. Kriegsman for "good reason," in which case they vest immediately. In addition, in connection with the annual review of our other named executive officers, the Compensation Committee also granted an aggregate of 1,000,000 stock options to those named executive officers. All of the other stock options had an exercise price equal to $2.15, the closing market price on the date of grant, and also vest monthly over three years, provided that such executives remain in our employ through such monthly vesting periods.

Generally speaking, we have not taken into consideration any amounts realized by our named executive officers from prior stock option or stock awards in determining whether to grant new stock options or stock awards. No named executive officers have exercised options since 2003.

***Retirement Plans, Perquisites and Other Personal Benefits***

Our executive officers are eligible to participate in the same group insurance and employee benefit plans as our other salaried employees. These benefits include medical, dental, vision, and disability benefits and life insurance.

We have adopted a tax-qualified employee savings and retirement plan, our 401(k) Plan, for eligible U.S. employees, including our named executive officers. Eligible employees may elect to defer a percentage of their eligible compensation in the 401(k) Plan, subject to the statutorily prescribed annual limit. We may make matching contributions on behalf of all participants in the 401(k) Plan in an amount determined by our board of directors. We made matching contributions to the 401(k) Plan for 2014 of $100,000. Matching contributions immediately vest, as do all employee contributions. We intend the 401(k) Plan, and the accompanying trust, to qualify under Sections 401(k) and 501 of the Internal Revenue Code so that contributions by employees to the 401(k) Plan, and income earned (if any) on plan contributions, are not taxable to employees until withdrawn from the 401(k) Plan, and so that we will be able to deduct our contributions, if any, when made. The trustee under the 401(k) Plan, at the direction of each participant, may invest the assets of the 401(k) Plan in any of a number of investment options.

We do not provide any of our executive officers with any other perquisites or personal benefits, other than benefits to Mr. Kriegsman provided for in his employment agreement. We are required by his employment agreement to carry a life insurance policy for Mr. Kriegsman in the amount of $1.4 million under which Mr. Kriegsman's designee is the beneficiary. We purchased a policy with a face value of $2 million, on which we pay the premiums, and Mr. Kriegsman immediately reimbursed the company for the premium relating to the $0.6 million of additional coverage. We periodically review the levels of perquisites and other personal benefits provided to our named executive officers, but no changes to these benefits were made during 2014, and we do not expect any such changes in the foreseeable future.

***Employment Agreements and Severance Arrangements***

We have entered into written employment agreements with each of our named executive officers. The main purpose of these agreements is to protect the company from business risks such as competition for the executives' service, loss of confidentiality or trade secrets, and solicitation of our other employees, and to define our right to terminate the employment relationship. The employment agreements also protect the executive from termination without "cause" (as defined) and, in both Mr. Kriegsman and Dr. Levitt's case, entitle them to resign for "good reason" (as defined). Each employment agreement was individually negotiated, so there are some minor variations in the terms among executive officers. Generally speaking, however, the employment agreements provide for termination and severance benefits that the Compensation Committee believes are consistent with industry practices for similarly situated executives. The Compensation Committee believes that the termination and severance benefits help the company retain the named executive officers by providing them with a competitive employment arrangement and protection against unknowns such as termination without "cause" that go along with the position.

In the event of termination without "cause," the named executive officers will be entitled to a lump-sum payment equal to six months of base salary (12 months in the case of Dr. Levitt and 24 months in the case of Mr. Kriegsman). The named executive officers' agreements also provide for our continuation of medical benefits during the severance period (including, for Mr. Kriegsman, payments for life insurance). If a named executive officer's employment is terminated by us without "cause" (or by Mr. Kriegsman or Dr. Levitt for "good reason") within two years following a change of control of CytRx, the named executive officers will be entitled to a lump-sum payment equal to 12 months of base salary (24 months in the case of Dr. Levitt and 36 months in the case of Mr. Kriegsman), and Dr. Levitt and Mr. Kriegsman also would be entitled under their employment agreement to receive a "gross-up" payment equal to the sum of any excise tax on termination benefits (including any accelerated vesting of his options under our Plans as described below) plus any penalties and interest. In addition, if a named executive officer's employment is terminated by us without "cause" (or by Mr. Kriegsman or Dr. Levitt for "good reason," or due to Mr. Kriegsman's death or disability), his unvested stock options vest immediately.

***Change of Control Arrangements***

The company's 2000 Long-Term Incentive Plan and 2008 Stock Incentive Plan provide generally that, upon a change of control of CytRx, all unvested stock options and awards under the Plans held by plan participants, including the named executive officers, will become immediately vested and exercisable immediately prior to the effective date of the transaction. The Compensation Committee believes that such "single trigger" change of control policy is consistent with the objective of aligning the interests of the named executive officer's and of the company's stockholders by allowing the executives to participate equally with stockholders in the event of a change of control transaction.

The foregoing severance and change of control arrangements, including the quantification of the payment and benefits provided under these arrangements, are described in more detail elsewhere in this Annual Report under the heading "Executive Compensation – Employment Agreements and Potential Payment Upon Termination or Change in Control."

***Ownership Guidelines***

The Compensation Committee has no requirement that named executive officers maintain a minimum ownership interest in our company.

Our long-term incentive compensation consists solely of periodic grants of stock options to our named executive officers. The stock option program:

- links the creation of stockholder value with executive compensation;
- provides increased equity ownership by executives;
- functions as a retention tool, because of the vesting features included in all options granted by the Compensation Committee; and
- helps us to maintain competitive levels of total compensation.

We normally grant stock options to new executive officers when they join our company based upon their position with us and their relevant prior experience. The options granted by the Compensation Committee generally vest monthly over the first three years of the ten-year option term. Vesting and exercise rights generally cease upon termination of employment (unless such termination is without cause or is a resignation for good reason), except in the case of death (subject to a one-year limitation), disability or retirement. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents. In addition to the initial option grants, our Compensation Committee may grant additional options to retain our executives and reward, or provide incentive for, the achievement of corporate goals and strong individual performance. Our Board of Directors has granted our CEO the discretion to grant up to 200,000 options to employees upon joining our company, and to make grants from an additional "discretionary pool" of up to 200,000 options during each annual employee review cycle. Options are granted based on a combination of individual contributions to our company and on general corporate achievements, which may include the attainment of product development milestones (such as commencement and completion of clinical trials) and attaining other annual corporate goals and objectives.

On an annual basis, the Compensation Committee assesses the appropriate individual and corporate goals for our executives and provides additional option grants based upon the achievement by the new executives of both individual and corporate goals. We expect that we will continue to provide new employees with initial option grants in the future to provide long-term compensation incentives and will continue to rely on performance-based and retention grants to provide additional incentives for current employees. Additionally, in the future, the Compensation Committee may consider awarding additional or alternative forms of equity incentives, such as grants of bonus stock, restricted stock and restricted stock units.

It is our policy to award stock options at an exercise price equal to The NASDAQ Capital Market's closing price of our common stock on the date of the grant. In certain limited circumstances, the Compensation Committee may grant options to an executive at an exercise price in excess of the closing price of the common stock on the grant date. The Compensation Committee has never granted options with an exercise price that is less than the closing price of our common stock on the grant date, nor has it granted options which are priced on a date other than the grant date. For purposes of determining the exercise price of stock options, the grant date is deemed to be the first day of employment for newly hired employees, or the date on which the Compensation Committee or the CEO, as applicable, approves the stock option grant to existing employees.

We have no program, practice or plan to grant stock options to our executive officers, including new executive officers, in coordination with the release of material nonpublic information. We also have not timed the release of material nonpublic information for the purpose of affecting the value of stock options or other compensation to our executive officers, and we have no plan to do so. We have no policy regarding the adjustment or recovery of stock option awards in connection with the restatement of our financial statements, as our stock option awards have not been tied to the achievement of specific financial goals.

***Tax and Accounting Implications***

*Deductibility of Executive Compensation*

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that corporations may not deduct compensation of more than $1,000,000 that is paid to certain individuals. We believe that compensation paid to our executive officers generally is fully deductible for federal income tax purposes.

*Accounting for Share-Based Compensation*

Beginning on January 1, 2006, we began accounting for share-based compensation in accordance with the requirements of ASC 718, *Compensation – Stock Compensation*. This accounting treatment has not significantly affected our compensation decisions. The Compensation Committee takes into consideration the tax consequences of compensation to the named executive officers, but tax considerations are not a significant part of the company's compensation policy.

These policies remained in place throughout 2014, and we expect to continue to follow them for the foreseeable future.

**Compensation Committee Interlocks and Insider Participation in Compensation Decisions**

There are no "interlocks," as defined by the SEC, with respect to any member of the Compensation Committee. Joseph Rubinfeld, Ph.D., and Richard L. Wennekamp served as members of the Compensation Committee for all of 2014. Max Link, Ph.D. and Marvin R. Selter served as members of the Compensation Committee in 2014 until their respective passing, and Louis Ignarro, Ph.D. was appointed to the Compensation Committee upon the passing of Mr. Selter.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 402(b) of Regulation S-K and, based on such review and discussions, has recommended to our board of directors that the foregoing "Compensation Discussion and Analysis" be included in this Annual Report.

| | | |
|---|---|---|
| Dr. Joseph Rubinfeld,<br>Chairman | Richard L. Wennekamp | Louis Ignarro, Ph.D. |

**Summary Compensation Table**

The following table presents summary information concerning all compensation paid or accrued by us for services rendered in all capacities during 2014. 2013 and 2012 by Steven A. Kriegsman and John Y. Caloz, who are the only individuals who served as our principal executive and financial officers during the year ended December 31, 2014, and our three other most highly compensated executive officers who were serving as executive officers as of December 31, 2014:

**Summary Compensation Table**

| Name and Principal Position | Year | Salary ($) | Bonus ($)(1) | Option Awards ($) (2)(4) | All Other Compensation ($)(3) | Total ($) |
|---|---|---|---|---|---|---|
| Steven A. Kriegsman | | | | | | |
| President and Chief Executive Officer | 2014 | 825,000 | 450,000 | 903,000 | 13,700 | 2,191,700 |
| | 2013 | 700,000 | 330,000 | 1,714,150 | 13,700 | 2,757,850 |
| | 2012 | 700,000 | 150,000 | 655,000 | 13,700 | 1,518,700 |
| John Y. Caloz | | | | | | |
| Chief Financial Officer and Treasurer | 2014 | 350,000 | 100,000 | 301,000 | — | 751,000 |
| | 2013 | 350,000 | 100,000 | 256,800 | — | 703,800 |
| | 2012 | 340,000 | 75,000 | 131,000 | — | 546,000 |
| Daniel Levitt, M.D., Ph.D. | | | | | | |
| Executive Vice President and Chief Medical Officer | 2014 | 525,000 | 300,000 | 602,000 | — | 1,427,000 |
| | 2013 | 525,000 | 300,000 | 1,483,000 | — | 2,308,000 |
| | 2012 | 450,000 | 150,000 | 186,900 | — | 786,900 |
| Benjamin S. Levin | | | | | | |
| General Counsel, Senior Vice President and Secretary | 2014 | 350,000 | 100,000 | 301,000 | — | 751,000 |
| | 2013 | 350,000 | 150,000 | 513,600 | — | 1,013,600 |
| | 2012 | 340,000 | 75,000 | 131,000 | — | 546,000 |
| Scott Wieland, Ph.D. | | | | | | |
| Senior Vice President – Drug Development | 2014 | 350,000 | 300,000 | 301,000 | — | 951,000 |
| | 2013 | 350,000 | 100,000 | 256,800 | — | 706,800 |
| | 2012 | 330,000 | 75,000 | 131,000 | — | 536,000 |

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(1) Bonuses to the named executive officers reported above were paid in December of the applicable year, except that Mr. Kriegsman received a retention bonus of $300,000 in connection with the extension of his employment agreement in March 2014.

(2) The values shown in this column represent the aggregate grant date fair value of equity-based awards granted during the fiscal year, in accordance with ASC 718, "*Share Based-Payment.*" The fair value of the stock options at the date of grant was estimated using the Black-Scholes option-pricing model, based on the assumptions described in Note 13 of the Notes to Financial Statements included in this Annual Report.

(3) This amount represents life insurance premiums.

(4) In the case of Dr. Levitt, for 2013, this amount includes the aggregate grant date fair value of a restricted stock award granted during the fiscal 2013, as well as the aggregate grant date fair value of an equity-based award granted during the fiscal year. The restricted stock awarded in 2013 was issued in January 2014. For 2012, the amount represents the aggregate grant date fair value of a restricted stock award granted and issued during the fiscal year.

**2014 Grants of Plan-Based Awards**

In 2014, we granted stock options to our named executive officers under our 2008 Stock Incentive Plan as follows:

**2014 Grants of Plan-Based Awards**

| Name | Grant Date | All Other Option Awards (# of CytRx Shares) | Exercise Price of Option Awards ($/Share) | Grant Date Fair Value of Stock and Option Awards ($) |
|---|---|---|---|---|
| Steven A. Kriegsman<br>President and Chief Executive Officer | 12/15/2014 | 600,000(1) | $ 2.15 | $ 903,000 |
| John Y. Caloz<br>Chief Financial Officer and Treasurer | 12/15/2014 | 200,000(1) | $ 2.15 | $ 301,000 |
| Daniel Levitt, M.D., Ph.D.<br>Executive Vice President and Chief Medical Officer | 12/15/2014 | 400,000(1) | $ 2.15 | $ 602,000 |
| Benjamin S. Levin<br>General Counsel, Senior Vice President and Secretary | 12/15/2014 | 200,000(1) | $ 2.15 | $ 301,000 |
| Scott Wieland, Ph.D.<br>Senior Vice President – Drug Development | 12/15/2014 | 200,000(1) | $ 2.15 | $ 301,000 |

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(1) Options vest in 36 equal monthly installments, subject to the option holder's remaining in our continuous employ through such dates. If employment is terminated by us without "cause" (or, in the cases of Mr. Kriegsman and Dr. Levitt, for "good reason"), unvested options will immediately vest in full.

**2000 Long-Term Incentive Plan and 2008 Stock Incentive Plan**

The purpose of our 2000 Long-Term Incentive Plan, or 2000 Plan, and our 2008 Stock Incentive Plan, or 2008 Plan, is to promote our success and enhance our value by linking the personal interests of our employees, officers, consultants and directors to those of our stockholders. The 2000 Plan was originally adopted by our Board of Directors on August 24, 2000 and by our stockholders on June 7, 2001, with certain amendments to the Plan having been subsequently approved by our Board of Directors and stockholders. On May 11, 2009, our Board of Directors approved an amendment to the 2000 Plan to allow for a one-time stock option re-pricing program for our employees. The 2008 Plan was adopted by our Board of Directors on November 21, 2008 and by our stockholders on July 1, 2009.

**2000 Plan and 2008 Plan Descriptions**

The 2000 Plan and the 2008 Plan, or the Plans, are administered by the Compensation Committee of our Board of Directors. The Compensation Committee has the power, authority and discretion to:

- designate participants;
- determine the types of awards to grant to each participant and the number, terms and conditions of any award;
- establish, adopt or revise any rules and regulations as it may deem necessary or advisable to administer the Plan; and
- make all other decisions and determinations that may be required under, or as the Compensation Committee deems necessary or advisable to administer, the Plan.

**Awards under the 2000 Plan**

The 2000 Plan expired on August 6, 2010, and thus no shares are available for future grant under the 2000 Plan.

**Awards under the 2008 Plan**

The following is a summary description of financial instruments that may be granted to participants in our 2008 Plan by the Compensation Committee of our Board of Directors. The Compensation Committee to date has only granted stock options to participants in the 2008 Plan.

*Stock Options*. The Compensation Committee is authorized to grant both incentive stock options and non-qualified stock options. The terms of any incentive stock option must meet the requirements of Section 422 of the Internal Revenue Code. The exercise price of an option may not be less than the fair market value of the underlying stock on the date of grant, and no option may have a term of more than 10 years from the grant date.

*Restricted Stock*. The Compensation Committee may make awards of restricted stock, which will be subject to forfeiture to us and other restrictions as the Compensation Committee may impose.

*Stock Bonus Awards.* The Compensation Committee may make awards of stock bonus awards in consideration for past services actually rendered, which will be subject to repurchase by us and such other terms as the Compensation Committee may impose.

*Limitations on Transfer; Beneficiaries.* Stock Option awards under the 2008 Plan may generally not be transferred or assigned by participants other than by will or the laws of descent and distribution. Awards of Restricted Stock or Stock Bonus awards may be transferred or assigned only upon such terms and conditions as set forth in the award agreement or as determined by the Compensation Committee in its discretion.

*Acceleration Upon Certain Events.* In the event of a “Corporate Transaction” as defined in the 2008 Plan, all outstanding options will become fully vested, subject to the holder’s consent with respect to incentive stock options, and exercisable and all restrictions on all outstanding awards will lapse. Unless the surviving or acquiring entity assumes the awards in the Corporate Transaction or the stock award agreement provides otherwise, the stock awards will terminate if not exercised at or prior to the Corporate Transaction.

**Termination and Amendment**

Our Board of Directors or the Compensation Committee may, at any time and from time to time, terminate or amend the 2000 Plan or the 2008 Plan without stockholder approval; provided, however, that our board or the Compensation Committee may condition any amendment on the approval of our stockholders if such approval is necessary or deemed advisable with respect to tax, securities or other applicable laws, policies or regulations. No termination or amendment of the Plans may adversely affect any award previously granted without the written consent of the participants affected. The Compensation Committee may amend any outstanding award without the approval of the participants affected, except that no such amendment may diminish or impair the value of an award.

**Holdings of Previously Awarded Equity**

Equity awards held as of December 31, 2014 by each of our named executive officers were issued under our 2000 Plan and 2008 Plan. The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2014:

**2014 Outstanding Equity Awards at Fiscal Year-End**

| | Option Awards | | | | |
|---|---|---|---|---|---|
| | Number of Securities Underlying Unexercised Options (#) | | | | |
| **Name** | **Exercisable** | | **Unexercisable** | **Option Exercise Price (2) ($)** | **Option Expiration Date** |
| Steven A. Kriegsman | — | (1) | 600,000 | 2.15 | 12/14/24 |
| President and Chief Executive Officer | 308,333 | (1) | 616,667 | 2.39 | 12/09/23 |
| | 43,260 | (1) | 30,916 | 2.46 | 03/07/23 |
| | 333,333 | (1) | 166,667 | 1.83 | 12/10/22 |
| | 142,857 | | — | 2.17 | 12/11/21 |
| | 107,143 | | — | 7.07 | 12/14/20 |
| | 107,143 | | — | 7.35 | 12/10/19 |
| | 42,857 | | — | 2.59 | 11/21/18 |
| | 64,286 | | — | 8.05 | 04/07/18 |
| | 50,000 | | — | 8.05 | 04/18/17 |
| | 28,571 | | — | 8.05 | 06/16/16 |
| | 42,857 | | — | 5.53 | 05/17/15 |
| | | | | | |
| John Y. Caloz | — | (1) | 200,000 | 2.15 | 12/14/24 |
| Chief Financial Officer and Treasurer | 50,000 | (1) | 100,000 | 2.39 | 12/09/23 |
| | 66,667 | (1) | 33,333 | 1.83 | 12/10/22 |
| | 28,571 | | — | 2.17 | 12/11/21 |
| | 7,143 | | — | 7.07 | 12/14/20 |
| | 17,857 | | — | 7.35 | 12/10/19 |
| | 7,143 | | — | 2.10 | 01/02/19 |
| | 7,143 | | — | 2.59 | 11/21/18 |
| | 3,571 | | — | 8.05 | 04/07/18 |
| | 3,571 | | — | 8.05 | 12/06/17 |
| | 10,714 | | — | 8.05 | 10/26/17 |
| | | | | | |
| Daniel Levitt, M.D., Ph.D. | — | (1) | 400,000 | 2.15 | 12/14/24 |
| Executive Vice President and Chief | 44,521 | (3) | — | n/a | n/a |
| Medical Officer | 166,667 | (1) | 333,333 | 2.39 | 12/09/23 |
| | 46,751 | (3) | — | n/a | n/a |
| | 71,429 | | — | 2.17 | 12/11/21 |
| | 35,714 | | — | 7.07 | 12/14/20 |
| | 71,429 | | — | 7.42 | 10/11/19 |
| | | | | | |
| Benjamin S. Levin | — | (1) | 200,000 | 2.15 | 12/14/24 |
| General Counsel, Sr. Vice President — Legal | 100,000 | (1) | 200,000 | 2.39 | 12/09/23 |
| Affairs and Secretary | 66,667 | (1) | 33,333 | 1.83 | 12/10/22 |
| | 35,714 | | — | 2.17 | 12/11/21 |
| | 14,286 | | — | 7.07 | 12/14/20 |
| | 14,286 | | — | 7.35 | 12/10/19 |
| | 14,286 | | — | 2.59 | 11/21/18 |
| | 14,286 | | — | 8.05 | 04/07/18 |
| | 14,286 | | — | 8.05 | 04/18/17 |
| | 12,857 | | — | 8.05 | 06/16/16 |
| | 21,429 | | — | 5.53 | 05/17/15 |
| | | | | | |
| Scott Wieland, Ph.D. | — | (1) | 200,000 | 2.15 | 12/14/24 |
| Senior Vice President – Drug Development | 50,000 | (1) | 100,000 | 2.39 | 12/09/23 |
| | 66,667 | (1) | 33,333 | 1.83 | 12/10/22 |
| | 28,571 | | — | 2.17 | 12/11/21 |
| | 14,286 | | — | 7.07 | 12/14/20 |
| | 14,286 | | — | 7.35 | 12/10/19 |
| | 4,286 | | — | 3.99 | 07/01/18 |
| | 7,143 | | — | 2.59 | 11/21/18 |
| | 14,286 | | — | 8.05 | 04/18/17 |
| | 3,571 | | — | 8.05 | 12/06/17 |

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(1) These options vest in 36 equal monthly installments, subject to the option holder's remaining in our continuous employ through such dates. If employment is terminated by us without "cause" (or, in the case of Mr. Kriegsman and Dr. Levitt, for "good reason"), unvested options will immediately vest in full.

(2) The reported options with prices of $8.05 were re-priced to that exercise price on July 1, 2009.

(3) Represents restricted stock fully-vested at December 31, 2014. On December 31, 2012, Dr. Levitt was granted 100,000 of restricted stock, and an additional 100,000 shares of restricted stock were awarded in December 2013 and issued in January 2014. We reacquired 108,728 shares in order to satisfy income tax withholding obligations, as permitted under the agreement.

**Employment Agreements and Potential Payment upon Termination or Change in Control**

***Employment Agreement with Steven A. Kriegsman***

Mr. Kriegsman is employed as our Chief Executive Officer and President pursuant to a fourth amended and restated employment agreement dated as of May 10, 2012, which was amended to extend the expiration date to December 31, 2018. The employment agreement will automatically renew following the expiration date for an additional one-year period, unless either Mr. Kriegsman or we elect not to renew it.

Under his employment agreement as amended, Mr. Kriegsman is entitled to receive an annual base salary of $850,000. Our board of directors (or its Compensation Committee) will review the base salary annually and may increase (but not decrease) it in its sole discretion. In addition to his annual salary, Mr. Kriegsman is eligible to receive an annual bonus as determined by our board of directors (or its Compensation Committee) in its sole discretion, but not to be less than $150,000. Pursuant to his employment agreement with us, we have agreed that he shall serve on a full-time basis as our Chief Executive Officer and President and that he may continue to serve as Chairman of the Kriegsman Group only so long as necessary to complete certain current assignments.

Mr. Kriegsman is eligible to receive grants of options to purchase shares of our common stock. The number and terms of those options, including the vesting schedule, will be determined by our board of directors (or its Compensation Committee) in its sole discretion.

Under Mr. Kriegsman's employment agreement, we have agreed that, if he is made a party, or threatened to be made a party, to a suit or proceeding by reason of his service to us, we will indemnify and hold him harmless from all costs and expenses to the fullest extent permitted or authorized by our certificate of incorporation or bylaws, or any resolution of our board of directors, to the extent not inconsistent with Delaware law. We also have agreed to advance to Mr. Kriegsman such costs and expenses upon his request if he undertakes to repay such advances if it ultimately is determined that he is not entitled to indemnification with respect to the same. These employment agreement provisions are not exclusive of any other rights to indemnification to which Mr. Kriegsman may be entitled and are in addition to any rights he may have under any policy of insurance maintained by us.

In the event we terminate Mr. Kriegsman's employment without "cause" (as defined), or if Mr. Kriegsman terminates his employment with "good reason" (as defined), (i) we have agreed to pay Mr. Kriegsman a lump-sum equal to his salary and prorated minimum annual bonus through to his date of termination, plus his salary and minimum annual bonus for a period of two years after his termination date, or until the expiration of the amended and restated employment agreement, whichever is later, (ii) he will be entitled to immediate vesting of all stock options or other awards based on our equity securities, and (iii) he will also be entitled to continuation of his life insurance premium payments and continued participation in any of our health plans through to the later of the expiration of the amended and restated employment agreement or 24 months following his termination date. Mr. Kriegsman will have no obligation in such events to seek new employment or offset the severance payments to him by any compensation received from any subsequent reemployment by another employer.

Under Mr. Kriegsman's employment agreement, he and his affiliated company, The Kriegsman Group, are to provide us during the term of his employment with the first opportunity to conduct or take action with respect to any acquisition opportunity or any other potential transaction identified by them within the biotech, pharmaceutical or health care industries and that is within the scope of the business plan adopted by our board of directors. Mr. Kriegsman's employment agreement also contains confidentiality provisions relating to our trade secrets and any other proprietary or confidential information, which provisions shall remain in effect for five years after the expiration of the employment agreement with respect to proprietary or confidential information and for so long as our trade secrets remain trade secrets.

***Potential Payment upon Termination or Change in Control for Steven A. Kriegsman***

Mr. Kriegsman's employment agreement contains no provision for payment to him in the event of a change in control of CytRx. If, however, a change in control (as defined in our 2000 Plan or our 2008 Plan) occurs during the term of the employment agreement, and if, during the term and within two years after the date on which the change in control occurs, Mr. Kriegsman's employment is terminated by us without "cause" or by him for "good reason" (each as defined in his employment agreement), then, in addition to the severance benefits described above, to the extent that any payment or distribution of any type by us to or for the benefit of Mr. Kriegsman resulting from the termination of his employment is or will be subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, we have agreed to pay Mr. Kriegsman, prior to the time the excise tax is payable with respect to any such payment (through withholding or otherwise), an additional amount that, after the imposition of all income, employment, excise and other taxes, penalties and interest thereon, is equal to the sum of (i) the excise tax on such payments plus (ii) any penalty and interest assessments associated with such excise tax.

***Employment Agreement with Daniel Levitt, M.D., Ph.D.***

Daniel Levitt is employed as our Executive Vice President and Chief Medical Officer pursuant to an employment agreement dated as of January 1, 2015 that is to expire on December 31, 2014. Dr. Levitt is entitled under his employment agreement to receive an annual base salary of $625,000 and is eligible to receive an annual bonus as determined by our board of directors (or our Compensation Committee) in its sole discretion, but not to be less than $150,000. In the event we terminate Dr. Levitt's employment without cause or Dr. Levitt resigns with good reason (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to one year's salary under his employment agreement.

***Employment Agreement with John Y. Caloz***

John Y. Caloz is employed as our Chief Financial Officer and Treasurer pursuant to an employment agreement dated as of January 1, 2014 that was to expire on December 31, 2014. On March 4, 2014, the employment agreement was amended to extend the expiration date for one year to December 31, 2015. Mr. Caloz is paid an annual base salary of $375,000 and is eligible to receive an annual bonus as determined by our board of directors (or our Compensation Committee) in its sole discretion. In the event we terminate Mr. Caloz's employment without cause (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to six months' salary under his employment agreement.

***Employment Agreement with Scott Wieland, Ph.D.***

Scott Wieland is employed as our Senior Vice President — Drug Development pursuant to an employment agreement dated as of January 1, 2014 that was to expire on December 31, 2014. On March 4, 2014, the employment agreement was amended to extend the expiration date for one year to December 31, 2015. Dr. Wieland is paid an annual base salary of $400,000 and is eligible to receive an annual bonus as determined by our board of directors (or our Compensation Committee) in its sole discretion. In the event we terminate Dr. Wieland's employment without "cause" (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to six months' base salary.

***Employment Agreement with Benjamin S. Levin***

Benjamin S. Levin is employed as our Senior Vice President — Legal Affairs, General Counsel and Secretary pursuant to an employment agreement dated as of January 1, 2014 that was to expire on December 31, 2014. On March 4, 2014, the employment agreement was amended to extend the expiration date for one year to December 31, 2015. Mr. Levin is paid an annual base salary of $365,000 and is eligible to receive an annual bonus as determined by our board of directors (or our Compensation Committee) in its sole discretion. In the event we terminate Mr. Levin's employment without "cause" (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to six months' base salary.

**Quantification of Termination Payments and Benefits**

The table below reflects the amount of compensation to each of our named executive officers in the event of termination of such executive's employment without "cause" or his resignation for "good reason," termination following a change in control and termination upon the executive's death of permanent disability. The named executive officers are not entitled to any payments other than accrued compensation and benefits in the event of their voluntary resignation. The amounts shown in the table below assume that such termination was effective as of December 31, 2014, and thus includes amounts earned through such time, and are estimates only of the amounts that would be payable to the executives. The actual amounts to be paid will be determined upon the occurrence of the events indicated.

**Termination Payments and Benefits**

| | | | Termination w/o Cause or, for Steven A. Kriegsman and Dr. Daniel Levitt, for Good Reason | | | | |
|---|---|---|---|---|---|---|---|
| **Name** | **Benefit** | | **Before Change in Control ($)** | **After Change in Control ($)** | **Death ($)** | **Disability ($)** | **Change in Control ($)** |
| Steven A. Kriegsman | Severance Payment | (4) | 1,700,000 | 2,550,000 | 1,700,000 | 1,700,000 | — |
| President and | Stock Options | (1) | 730,000 | 730,000 | 730,000 | 730,000 | 730,000 |
| Chief Executive Officer | Health Insurance | (2) | 64,700 | 97,000 | 64,700 | 64,700 | — |
| | Life Insurance | (2) | 27,400 | 41,100 | — | 27,400 | — |
| | Bonus | | 300,000 | 450,000 | 300,000 | 300,000 | — |
| | Tax Gross Up | (3) | — | — | — | — | — |
| John Y. Caloz | Severance Payment | (4) | 187,500 | 375,000 | — | — | — |
| Chief Financial Officer | Stock Options | (1) | — | 183,000 | — | — | 183,000 |
| Daniel Levitt, M.D., Ph.D. | Severance Payment | (4) | 625,000 | 1,250,000 | — | — | — |
| Executive Vice President | Stock Options | (1) | — | 353,000 | — | — | 353,000 |
| and Chief Medical Officer | Health Insurance | | 3,500 | 7,100 | — | — | — |
| Benjamin S. Levin | Severance Payment | (4) | 182,500 | 365,000 | — | — | — |
| General Counsel, Senior Vice President and Secretary | Stock Options | (1) | — | 218,000 | — | — | 218,000 |
| Scott Wieland, Ph.D. | Severance Payment | (4) | 200,000 | 400,000 | — | — | — |
| Senior Vice President – Drug Development | Stock Options | (1) | — | 183,000 | — | — | 183,000 |

(1) Represents the aggregate value of stock options that vest and become exercisable immediately upon each of the triggering events listed as if such events took place on December 31, 2014, determined by the aggregate difference between the stock price as of December 31, 2014 and the exercise prices of the underlying options.

(2) Represents the cost as of December 31, 2014 for benefits provided to Mr. Kriegsman for a period of two years, or in the event of a change in control, a period of three years.

(3) Each of Mr. Kriegsman's and Dr. Levitt's employment agreements provides that if a change in control (as defined in our 2000 Plan or our 2008 Plan) occurs during the term of the employment agreement, and if, during the term and within two years after the date on which the change in control occurs, Mr. Kriegsman's or Dr. Levitt's employment, respectively, is terminated by us without "cause" or by him for "good reason" (each as defined in their respective employment agreement), then, to the extent that any payment or distribution of any type by us to or for the benefit of Mr. Kriegsman or Dr. Levitt, respectively, resulting from the termination of their respective employment is or will be subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, we will pay Mr. Kriegsman or Dr. Levitt, respectively, prior to the time the excise tax is payable with respect to any such payment (through withholding or otherwise), an additional amount that, after the imposition of all income, employment, excise and other taxes, penalties and interest thereon, is equal to the sum of (i) the excise tax on such payments plus (ii) any penalty and interest assessments associated with such excise tax. Based on each of Mr. Kriegsman's and Dr. Levitt's past compensation and the estimated payment that would result from a termination of employment following a change in control, we have estimated that a gross-up payment would not be required. "Good reason" as defined in each of Mr. Kriegsman's and Dr. Levitt's employment agreement includes any change in Mr. Kriegsman's or Dr. Levitt's duties or title, as applicable, that are inconsistent with their respective positions.

(4) Severance payments are prescribed by our employment agreements with the named executive officers and represent a factor of their annual base compensation ranging from six months to three years.

**Compensation of Directors**

We use a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on our board of directors. Directors who also are employees of our company currently receive no compensation for their service as directors or as members of board committees. In setting director compensation, we consider the significant amount of time that directors dedicate to the fulfillment of their director responsibilities, as well as the competency and skills required of members of our board. The directors' current compensation schedule has been in place since December 2013. The directors' annual compensation year begins with the annual election of directors at the annual meeting of stockholders. The annual retainer year period has been in place for directors since 2003. Periodically, our board of directors reviews our director compensation policies and, from time to time, makes changes to such policies based on various criteria the board deems relevant.

Our non-employee directors receive a quarterly retainer of $6,000 (plus an additional $5,000 for the Chairmen of the Audit Committee and Compensation Committee, and $1,500 for the Chairman of the Nomination and Governance Committee), a fee of $3,000 for each board meeting attended ($750 for board actions taken by unanimous written consent), $2,000 for each meeting of the Audit Committee and Compensation Committee attended, and $1,000 for each meeting of the Nomination and Governance Committee meeting attended. Non-employee directors who serve as the chairman of a board committee receive an additional $2,000 for each meeting of the Nomination and Governance Committee attended and an additional $2,500 for each meeting of the Audit Committee or the Compensation Committee attended. In December 2014, we also granted ten-year stock options to purchase 180,000 shares of our common stock to each non-employee director at an exercise price equal to the market value of our common stock on the date of grant. The options vested, in full, upon grant.

The following table sets forth the compensation paid to our directors other than our Chief Executive Officer for 2014:

**Director Compensation Table**

| Name (1) | Fees Earned or Paid in Cash ($) (2) | Option Awards ($) (3) | Total ($) |
|---|---|---|---|
| Max Link, Ph.D., Chairman | 94,500 | — | 94,500 |
| Marvin R. Selter, Vice Chairman | 91,000 | — | 91,000 |
| Louis Ignarro, Ph.D., Director | 60,750 | 324,540 | 385,290 |
| Joseph Rubinfeld, Ph.D., Director | 106,750 | 324,540 | 431,290 |
| Richard L. Wennekamp, Director | 93,250 | 324,540 | 417,790 |

(1) Steven A. Kriegsman does not receive additional compensation for his role as Chairman of the Board. For information relating to Mr. Kriegsman's compensation as President and Chief Executive Officer, see the Summary Compensation Table above.

(2) The amounts in this column represent cash payments made to Non-Employee Directors for annual retainer fees, committee and/or chairmanship fees and meeting fees during the year.

(3) In December 2014, we granted stock options to purchase 180,000 shares of our common stock to each non-employee director at an exercise price equal to the current market value of our common stock on the date of grant, which had an aggregate grant date fair value of $324,540 calculated in accordance with FASB ASC Topic 718. The amount recognized for these awards was calculated using the Black Scholes option-pricing model, and reflect grants from our 2008 Long-Term Incentive Plan, which is described in Note 13 of the Notes to Financial Statements.

***Joseph Rubinfeld, Ph.D. Consulting Agreement***

On December 10, 2012, we entered into an amendment to our written consulting agreement with Dr. Rubinfeld, Ph.D. to provide for the one-time grant to Dr. Rubinfeld under our 2008 Plan of an option to purchase 30,000 shares of our common stock at an exercise price of $1.83 per share, which was equal to the market price of our common stock on the grant date. The option has a term of ten years and is fully vested. The fair grant date value of this option grant was $47,400.

**Item 12.** ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

Based solely upon information made available to us, the following table sets forth information with respect to the beneficial ownership of our common stock as of March 9, 2015 by (1) each person who is known by us to beneficially own more than five percent of our common stock; (2) each of our directors; (3) the named executive officers listed in the Summary Compensation Table under Item 11; and (4) all of our executive officers and directors as a group. Beneficial ownership is determined in accordance with the SEC rules. Shares of common stock subject to any warrants or options that are presently exercisable, or exercisable within 60 days of March 9, 2015 (which are indicated by footnote) are deemed outstanding for the purpose of computing the percentage ownership of the person holding the warrants or options, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The percentage ownership reflected in the table is based on 55,722,711 shares of our common stock outstanding as of March 9, 2015, excluding treasury shares. Except as otherwise indicated, the holders listed below have sole voting and investment power with respect to all shares of common stock shown, subject to applicable community property laws. An asterisk represents beneficial ownership of less than 1%.

| | **Shares of Common Stock** | |
|---|---|---|
| **Name and Address of Beneficial Owner** | **Number** | **Percent** |
| ***Named Executive Officers and Directors*** | | |
| Louis Ignarro, Ph.D.(1) | 514,559 | * |
| Steven A. Kriegsman(2) | 2,132,946 | 3.8% |
| Joseph Rubinfeld, Ph.D.(3) | 581,428 | * |
| Richard L. Wennekamp(4) | 518,138 | * |
| Anita J. Chawla, Ph.D. (5) | 180,000 | * |
| Dan Levitt, M.D., Ph.D.(6) | 564,686 | 1.0% |
| John Y. Caloz (7) | 256,924 | * |
| Scott Wieland, Ph.D.8) | 253,098 | * |
| Benjamin S. Levin(9) | 390,671 | * |
| All executive officers and directors as a group (eight persons)(10) | 5,392,451 | 9.4% |
| | | |
| ***Name and Address of 5% Beneficial Owners*** | | |
| QVT Financial LP (11) | 5,143,564 | 9.2% |
| Gene Z. Salkind, M.D. (12) | 4,261,353 | 7.6% |
| Scott Patterson, D.D.S. (13) | 4,645,894 | 8.3% |
| Blackrock, Inc. (14) | 3,680,086 | 6.6% |

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(1) Includes 501,428 shares subject to options or warrants.

(2) Includes 1,535,835 shares subject to options or warrants.

(3) Includes 581,428 shares subject to options or warrants.

(4) Includes 501,428 shares subject to options or warrants.

(5) Includes 180,000 shares subject to options or warrants.

(6) Includes 459,128 shares subject to options or warrants.

(7) Includes 252,382 shares subject to options or warrants.

(8) Includes 253,098 shares subject to options or warrants.

(9) Includes 385,874 shares subject to options or warrants.

(10) Includes 4,470,602 shares subject to options or warrants.

(11) According to its Schedule 13G filed with the SEC, QVT Financial LP (“QVT Financial”) is the investment manager for QVT Fund V LP and other private investment funds (collectively, the “Funds”). The Funds aggregately own 5,143,564 shares of Common Stock. Accordingly, QVT Financial may be deemed to be the beneficial owner of an aggregate amount of 5,143,564 shares of common stock, consisting of the shares owned by the Funds. QVT Financial GP LLC, as General Partner of QVT Financial, may be deemed to beneficially own the same number of shares of common stock reported by QVT Financial. QVT Associates GP LLC, as General Partner of the Funds, may be deemed to beneficially own the aggregate number of shares of common stock owned by the Funds, and accordingly, QVT Associates GP LLC may be deemed to be the beneficial owner of an aggregate amount of 5,143,564 shares of common stock. The principal business addresses for QVT Financial LP and QVT Financial GP LLC are 1177 Avenue of the Americas, 9th Floor, New York, New York 10036.

(12) Of the shares shown, Dr. Salkind has sole voting and dispositive power over 53,000 shares and shares voting and dispositive power with his wife, Catherine Salkind, over 4,208,353 shares. Mrs. Salkind may be deemed to beneficially own the shares shown. Dr. and Mrs. Salkind’s address is 1165 Wrack Road, Meadowbrook, Pennsylvania 19046.

(13) The shares shown include 4,564,005 shares owned beneficially by Dr. Patterson and 81,889 shares owned beneficially by his wife, Nataliya V. Patterson. Dr. and Mrs. Patterson’s address is 1703 Casino Tower, Av. Francia y Biarritz, Punta del Este 20100, Uruguay.

(14) The principal business address for Blackrock, Inc. is 55 East 52nd Street, New York, New York 10022.

**Equity Compensation Plans**

The information required is incorporated herein by reference to Item 5 of this Annual Report relating to our Equity Compensation Plans as set forth on page 27.

**Item 13.** ***CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE***

**Director Independence**

Our board of directors has determined that Messrs. Rubinfeld, Ignarro and Wennekamp and Dr. Chawla are "independent" under the current independence standards of both The NASDAQ Capital Market and the SEC, and have no material relationships with us (either directly or as a partner, shareholder or officer of any entity) that are inconsistent with a finding of their independence as members of our board of directors. Our board has determined that Messrs. Rubinfeld, Ignarro and Wennekamp also are "independent" for purposes of service as the members of our Audit Committee. In making these determinations, our board of directors has broadly considered all relevant facts and circumstances, recognizing that material relationships can include commercial, banking, consulting, legal, accounting, and familial relationships, among others.

**Transactions with Related Persons**

**General**

Our Audit Committee is responsible for reviewing and approving, as appropriate, all transactions with related persons, in accordance with its Charter and NASDAQ Marketplace Rules.

Transactions between us and one or more related persons may present risks or conflicts of interest or the appearance of conflicts of interest. Our Code of Ethics requires all employees, officers and directors to avoid activities or relationships that conflict, or may be perceived to conflict, with our interests or adversely affect our reputation. It is understood, however, that certain relationships or transactions may arise that would be deemed acceptable and appropriate so long as there is full disclosure of the interest of the related parties in the transaction and review and approval by disinterested directors to ensure there is a legitimate business reason for the transaction and that the transaction is fair to us and our stockholders.

As a result, the procedures followed by the Audit Committee to evaluate transactions with related persons require:

- that all related person transactions, all material terms of the transactions, and all the material facts as to the related person's direct or indirect interest in, or relationship to, the related person transaction must be communicated to the Audit Committee; and
- that all related person transactions, and any material amendment or modification to any related person transaction, be reviewed and approved or ratified by the Audit Committee, as required by NASDAQ Marketplace Rules.

Our Audit Committee will evaluate related person transactions based on:

- information provided by members of our board of directors in connection with the required annual evaluation of director independence;
- pertinent responses to the Directors' and Officers' Questionnaires submitted periodically by our officers and directors and provided to the Audit Committee by our management;
- background information on nominees for director provided by the Nominating and Corporate Governance Committee of our board of directors; and
- any other relevant information provided by any of our directors or officers.
- In connection with its review and approval or ratification, if appropriate, of any related person transaction, our Audit Committee is to consider whether the transaction will compromise standards included in our Code of Ethics. In the case of any related person transaction involving an outside director or nominee for director, the Audit Committee also is to consider whether the transaction will compromise the director's status as an independent director as prescribed in the NASDAQ Marketplace Rules.

There were no related person transactions in 2014.

**Applicable Definitions**

For purposes of our Audit Committee's review:

- "related person" has the meaning given to such term in Item 404(a) of Securities and Exchange Commission Regulation S-K ("Item 404(a)"); and
- "related person transaction" means any transaction for which disclosure is required under the terms of Item 404(a) involving us and any related persons.

## Item 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

BDO USA, LLP, or BDO, serves as our independent registered public accounting firm and audited our financial statements for the years ended December 31, 2014, 2013 and 2012.

**Audit Fees**

The fees for 2014 and 2013 from BDO for professional services rendered in connection with the audits of our annual financial statements and internal controls over financial reporting and reviews of our unaudited quarterly financial statements and Form S-3 registration statements were $408,377 and $391,730, respectively.

**Tax Fees**

The aggregate fees billed by BDO for professional services for tax compliance, tax advice and tax planning were $21,645 and $27,225 for 2014 and 2013, respectively.

**All Other Fees**

No other services were rendered by BDO in either 2014 or 2013.

**Pre-Approval Policies and Procedures**

It is the policy of our Audit Committee that all services to be provided by our independent registered public accounting firm, including audit services and permitted audit-related and non-audit services, must be pre-approved by our Audit Committee. Our Audit Committee pre-approved all services, audit and non-audit, provided to us by BDO for 2014 and 2013.

PART IV

## Item 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a) The following documents are filed as part of this 10-K:

*(1) Financial Statements*

Our financial statements and the related report of the independent registered public accounting firm thereon are set forth on pages F-1 to F-20 of this Annual Report. These financial statements are as follows:

Balance Sheets as of December 31, 2014 and 2013

Statements of Operations for the Years Ended December 31, 2014, 2013 and 2012

Statements of Stockholders' Equity for the Years Ended December 31, 2014, 2013 and 2012

Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012

Notes to Financial Statements

Reports of Independent Registered Public Accounting Firms

*(2) Financial Statement Schedules*

The following financial statement schedule is set forth on page F-21 of this Annual Report.

Schedule II — Valuation and Qualifying Accounts for the years ended December 31, 2014, 2013 and 2012

All other schedules are omitted because they are not required, not applicable, or the information is provided in the financial statements or notes thereto.

(b) Exhibits

See Exhibit Index on page 66 of this Annual Report, which is incorporated herein by reference.

**CytRx Corporation**
**Form 10-K Exhibit Index**

| Exhibit Number | Description | Footnote |
|---|---|---|
| 1.1 | Underwriting Agreement dated as of January 31, 2014 between CytRx Corporation and Jefferies LLC. | (t) |
| 2.1 | Agreement and Plan of Merger, dated as of June 6, 2008, among CytRx Corporation, CytRx Merger Subsidiary, Inc., Innovive Pharmaceuticals, Inc., and Steven Kelly | (l) |
| 3.1 | Amended and Restated Certificate of Incorporation of CytRx Corporation, as amended | (u) |
| 3.2 | Certificate of Amendment of Restated Certificate of Incorporation | (v) |
| 3.3 | Restated By-Laws of CytRx Corporation, as amended | (a) |
| 4.1 | Shareholder Protection Rights Agreement dated April 16, 1997 between CytRx Corporation and American Stock Transfer &Trust Company, as Rights Agent | (b) |
| 4.2 | Amendment No. 1 to Shareholder Protection Rights Agreement, dated February 11, 2002 | (e) |
| 4.3 | Amendment No. 2 to Shareholder Protection Rights Agreement, dated March 30, 2007 | (j) |
| 4.4 | Securities Purchase Agreement, dated July 24, 2009, between CytRx Corporation and the purchasers listed on the signature pages thereto | (n) |
| 4.5 | Form of Common Stock Purchase Warrant to be issued by CytRx Corporation to purchasers under the Securities Purchase Agreement, dated July 24, 2009 | (n) |
| 4.6 | Form of Common Stock Purchase Warrant issued by CytRx Corporation, dated August 1, 2011 | (p) |
| 4.7 | Form of Common Stock Purchase Warrant issued by CytRx Corporation, dated September 7, 2011 | (q) |
| 10.1* | CytRx Corporation 2000 Long-Term Incentive Plan | (c) |
| 10.2* | Amendment No. 1 to CytRx Corporation 2000 Long-Term Incentive Plan | (f) |
| 10.3* | Amendment No. 2 to CytRx Corporation 2000 Long-Term Incentive Plan | (f) |
| 10.4* | Amendment No. 3 to CytRx Corporation 2000 Long-Term Incentive Plan | (g) |
| 10.5* | Amendment No. 4 to CytRx Corporation 2000 Long-Term Incentive Plan | (g) |
| 10.6* | CytRx Corporation Amended and Restated 2008 Stock Incentive Plan | (u) |
| 10.7* | First Amendment to Amended and Restated CytRx Corporation 2008 Stock Incentive Plan | (w) |
| 10.8* | Second Amendment to Amended and Restated CytRx Corporation 2008 Stock Incentive Plan | (x) |
| 10.9* | Third Amendment to Amended and Restated CytRx Corporation 2008 Stock Incentive Plan | (y) |
| 10.10* | Fourth Amendment to Amended and Restated CytRx Corporation 2008 Stock Incentive Plan | (z) |
| 10.11† | License Agreement, dated December 7, 2001, by and between CytRx Corporation and Vical Incorporated | (d) |
| 10.12 | Office Lease between The Kriegsman Capital Group, LLC and Douglas Emmett Joint Venture, dated April 13, 2000 | (g) |
| 10.13 | Assignment, Assumption and Consent, effective July 1, 2003, by and among CytRx Corporation, The Kriegsman Capital Group, LLC and Douglas Emmett Joint Venture, concerning Office Lease dated April 13, 2000 | (g) |
| 10.14 | First Amendment to Office Lease dated October 14, 2005, by and between CytRx Corporation and Douglas Emmett 1993, LLC | (h |
| 10.15† | License Agreement dated April 17, 2006 between Innovive Pharmaceuticals, Inc. and KTB Tumorforschungs GmbH | (i) |
| 10.16 | Amendment to License Agreement dated March 14, 2014 between CytRx Corporation and KTB Tumorforschungs GmbH | (s) |
| 10.17 | Second Amendment to Office Lease dated June 30, 2008, by and between CytRx Corporation and Douglas Emmett 1993, LLC | (m) |
| 10.18 | Third Amendment to Office Lease dated December 1, 2009, by and between CytRx Corporation and Douglas Emmett 1993, LLC | (o) |
| 10.19 | Fourth Amendment to Office Lease dated February 10, 2014, by and between CytRx Corporation and Douglas Emmett 1993, LLC | (aa) |

| | | |
|---|---|---|
| 10.20* | Employment Agreement dated January 1, 2015, between CytRx Corporation and Daniel Levitt, M.D., Ph.D. | |
| 10.21* | Employment Agreement dated January 1, 2014, between CytRx Corporation and Benjamin S. Levin | (k) |
| 10.22* | Employment Agreement dated January 1, 2014, between CytRx Corporation and Scott Wieland | (k) |
| 10.23* | Employment Agreement dated January 1, 2014, between CytRx Corporation and John Y. Caloz | (k) |
| 10.24† | Asset Purchase Agreement dated May 13, 2011 by and between CytRx Corporation and Orphazyme ApS | (r) |
| 10.25 | Investment Banking Agreement dated February 14, 2012, between CytRx Corporation and Legend Securities, Inc. | (u) |
| 10.26* | Fourth Amended and Restated Employment Agreement, dated May 10, 2012, by and between CytRx Corporation and Steven A. Kriegsman. | (bb) |
| 10.27* | Amendment No. 1 to Employment Agreement by and between CytRx Corporation and Scott Wieland, dated March 4, 2014 | (k) |
| 10.28* | Amendment No. 1 to Employment Agreement by and between CytRx Corporation and Benjamin S. Levin, dated March 4, 2014 | (k) |
| 10.29* | Amendment No. 1 to Employment Agreement, by and between CytRx Corporation and John Y. Caloz, dated March 4, 2014 | (k) |
| 10.30* | First Amendment to Fourth Amended and Restated Employment Agreement by and between CytRx Corporation and Steven A. Kriegsman, dated March 4, 2014 | (k) |
| 10.31* | Second Amendment to Fourth Amended and Restated Employment Agreement by and between CytRx Corporation and Steven A. Kriegsman, dated January 1, 2015 | |
| 23.1 | Consent of BDO USA, LLP | |
| 31.1 | Certification of Chief Executive Officer Pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | |
| 31.2 | Certification of Chief Financial Officer Pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | |
| 32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | |
| 32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | |
| 101.INS++ | XBRL Instance Document. | |
| 101.SCH++ | XBRL Taxonomy Extension Schema Document. | |
| 101.CAL++ | XBRL Taxonomy Extension Calculation Linkbase Document. | |
| 101.DEF++ | XBRL Taxonomy Extension Definition Linkbase Document.. | |
| 101.LAB++ | XBRL Taxonomy Extension Label Linkbase Document.. | |
| 101.PRE++ | XBRL Taxonomy Extension Presentation Linkbase Document.. | |

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* Indicates a management contract or compensatory plan or arrangement.

† Confidential treatment has been requested or granted for certain portions which have been blanked out in the copy of the exhibit filed with the Securities and Exchange Commission. The omitted information has been filed separately with the Securities and Exchange Commission.

++ Pursuant to applicable securities laws and regulations, the Registrant is deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and is not subject to liability under any anti-fraud provisions of the federal securities laws as long as the Registrant has made a good faith attempt to comply with the submission requirements and promptly amends the interactive data files after becoming aware that the interactive data files fails to comply with the submission requirements. These interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under these sections.

| | |
|---|---|
| (a) | Incorporated by reference to the Registrant’s Form 10-K filed on April 1, 2008 (File No. 000-15327) |
| (b) | Incorporated by reference to the Registrant’s 8-K filed on April 17, 1997 (File No. 000-15327) |
| (c) | Incorporated by reference to the Registrant’s Form 10-K filed on March 27, 2001 (File No. 000-15327) |
| (d) | Incorporated by reference to the Registrant’s Form 8-K filed on December 21, 2001 (File No. 000-15327) |
| (e) | Incorporated by reference to the Registrant’s Form 10-K filed on April 1, 2002 (File No. 000-15327) |
| (f) | Incorporated by reference to the Registrant’s Proxy Statement filed June 11, 2002 (File No. 000-15327) |
| (g) | Incorporated by reference to the Registrant’s 10-K filed on May 14, 2004 (File No. 000-15327) |
| (h) | Incorporated by reference to the Registrant’s 8-K filed on October 20, 2005 (File No. 000-15327) |
| (i) | Incorporated by reference to the CytRx Oncology Corp (f/k/a Innovive Pharmaceuticals, Inc.) 10-Q filed on November 14, 2006 (File No. 000-51534) |
| (j) | Incorporated by reference to the Registrant’s 10-K filed on April 2, 2007 (File No. 000-15327) |
| (k) | Incorporated by reference to the Registrant’s 10-K filed on March 5, 2014 (File No. 000-15327) |
| (l) | Incorporated by reference to the Registrant’s 8-K filed on June 9, 2008 (File No. 000-15327) |
| (m) | Incorporated by reference to the Registrant’s 10-K filed on March 13, 2009 (File No. 000-15327) |
| (n) | Incorporated by reference to the Registrant’s 8-K filed on July 27, 2009 (File No. 000-15327) |
| (o) | Incorporated by reference to the Registrant’s 8-K filed on December 4, 2009 (File No. 000-15327) |
| (p) | Incorporated by reference to the Registrant’s 8-K filed on July 27, 2011 (File No. 000-15327) |
| (q) | Incorporated by reference to the Registrant’s 8-K filed on September 13, 2011 (File No. 000-15327) |
| (r) | Incorporated by reference to the Registrant’s 10-Q filed on August 9, 2011 (File No. 000-15327) |
| (s) | Incorporated by reference to the Registrant’s 8-K filed on March 17, 2014 (File No. 000-15327) |
| (t) | Incorporated by reference to the Registrant’s 8-K filed on January 31, 2014 (File No. 000-15327) |
| (u) | Incorporated by reference to the Registrant’s 10-K filed on March 13, 2012 (File No. 000-15327) |
| (v) | Incorporated by reference to the Registrant’s 8-K filed on May 15, 2012 (File No. 000-15327) |
| (w) | Incorporated by reference to Annex B of the Registrant’s Proxy Statement filed April 2, 2012 (File No. 000-15327) |
| (x) | Incorporated by reference to Annex C of the Registrant’s Proxy Statement filed April 2, 2012 (File No. 000-15327) |
| (y) | Incorporated by reference to Annex A of the Registrant’s Proxy Statement filed May 17, 2013 (File No. 000-15327) |
| (z) | Incorporated by reference to Annex B of the Registrant’s Proxy Statement filed May 17, 2013 (File No. 000-15327) |
| (aa) | Incorporated by reference to the Registrant’s 8-K filed on February 13, 2014 (File No. 000-15327) |
| (bb) | Incorporated by reference to the Registrant's 8-K filed on October 19, 2012 (File No. 000-15327) |

## SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CYTRX CORPORATION**

| | |
|---|---|
| Date: March 10, 2015 | By: /s/ STEVEN A. KRIEGSMAN<br>Steven A. Kriegsman<br>President and Chief Executive Officer |

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ STEVEN A. KRIEGSMAN<br>Steven A. Kriegsman | Chairman of the Board, President and Chief Executive Officer<br>(Principal Executive Officer) | March 10, 2015 |
| /s/ JOHN Y. CALOZ<br>John Y. Caloz | Chief Financial Officer<br>(Principal Financial and Accounting Officer) | March 10, 2015 |
| /s/ LOUIS IGNARRO<br>Louis Ignarro, Ph.D. | Director | March 10, 2015 |
| /s/ JOSEPH RUBINFELD<br>Joseph Rubinfeld, Ph.D. | Director | March 10, 2015 |
| /s/ RICHARD L. WENNEKAMP<br>Richard L. Wennekamp | Director | March 10, 2015 |

**INDEX TO FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULE**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholders
CytRx Corporation
Los Angeles, California

We have audited the accompanying balance sheets of CytRx Corporation ("the Company") as of December 31, 2014 and 2013 and the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. In connection with our audit of the financial statements, we have also audited the financial statement schedule listed in the accompanying index under Item 15a(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CytRx Corporation at December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CytRx Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 10, 2015 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Los Angeles, California
March 10, 2015

## CYTRX CORPORATION
## BALANCE SHEETS

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 32,218,905 | $ 11,483,112 |
| Short-term investments | 45,621,593 | 27,084,980 |
| Receivables | 2,019,293 | 117,527 |
| Interest receivable | 104,627 | 8,464 |
| Prepaid expenses and other current assets | 3,250,355 | 2,329,742 |
| Total current assets | 83,214,773 | 41,023,825 |
| Equipment and furnishings, net | 970,873 | 175,452 |
| Goodwill | 183,780 | 183,780 |
| Other assets | 1,323,156 | 116,998 |
| Total assets | $ 85,692,582 | $ 41,500,055 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 6,655,962 | $ 3,853,531 |
| Accrued expenses and other current liabilities | 5,994,072 | 2,802,833 |
| Warrant liabilities | 5,131,085 | 24,182,324 |
| Total current liabilities | 17,781,119 | 30,838,688 |
| Commitment and contingencies | | |
| Stockholders' equity: | | |
| Preferred Stock, $.01 par value, 5,000,000 shares authorized, including 25,000 shares of Series A Junior Participating Preferred Stock; no shares issued and outstanding | — | — |
| Common stock, $.001 par value, 250,000,000 shares authorized; 55,921,986 and 42,116,964 shares issued and outstanding at December 31, 2014 and 2013, respectively | 55,924 | 42,118 |
| Additional paid-in capital | 376,975,984 | 289,426,100 |
| Treasury stock, at cost (199,275 and 143,796 shares at December 31, 2014 and 2013, respectively) | (2,612,861) | (2,417,247) |
| Accumulated deficit | (306,507,584) | (276,389,604) |
| Total stockholders' equity | 67,911,463 | 10,661,367 |
| Total liabilities and stockholders' equity | $ 85,692,582 | $ 41,500,055 |

The accompanying notes are an integral part of these financial statements.

**CYTRX CORPORATION**
**STATEMENTS OF OPERATIONS**

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| Revenue: | | | |
| Licensing revenue | $ 100,000 | $ 300,000 | $ 100,000 |
| Expenses: | | | |
| Research and development | 36,677,706 | 17,500,469 | 12,684,793 |
| General and administrative | 12,845,231 | 10,273,576 | 8,353,330 |
| Depreciation and amortization | 182,927 | 120,399 | 113,936 |
| | 49,705,864 | 27,894,444 | 21,152,059 |
| Loss before other income (loss) | (49,605,864) | (27,594,444) | (21,052,059) |
| Other income (loss): | | | |
| Interest income | 305,331 | 137,676 | 131,666 |
| Other income, net | 132,114 | 183,025 | 191,416 |
| Gain (loss) on warrant liability | 19,051,239 | (20,210,094) | 2,766,704 |
| Loss before provision for income taxes | (30,117,180) | (47,483,837) | (17,962,273) |
| Income tax expense | (800) | (1,600) | (1,600) |
| Net loss | $ (30,117,980) | $ (47,485,437) | $ (17,963,873) |
| Basic and diluted loss per share | $ (0.55) | $ (1.44) | $ (0.78) |
| Basic weighted average shares outstanding | 54,371,151 | 32,891,202 | 22,973,905 |
| Diluted weighted average shares outstanding | 54,371,151 | 32,891,202 | 22,973,905 |

The accompanying notes are an integral part of these financial statements.

**CYTRX CORPORATION**
**STATEMENTS OF STOCKHOLDERS' EQUITY**

| | Common Stock | | Additional Paid-In | Accumulated | Treasury | |
|---|---|---|---|---|---|---|
| | Shares Issued | Amount | Capital | Deficit | Stock | Total |
| Balance at December 31, 2011 | 21,302,327 | $ 21,303 | $ 237,452,299 | $ (210,940,294) | $ (2,279,238) | $ 24,254,070 |
| Issuance of stock options/warrants for compensation and services | — | — | 2,391,018 | — | — | 2,391,018 |
| Common stock issued in connection with a public offering | 9,200,000 | 9,200 | 21,467,615 | — | — | 21,476,815 |
| Issuance of restricted stock for compensation | 100,000 | 100 | 511 | — | — | 611 |
| Options and warrants exercised | 5,589 | 5 | 7,195 | — | — | 7,200 |
| Net loss | — | — | — | (17,963,873) | — | (17,963,873) |
| Balance at December 31, 2012 | 30,607,916 | 30,608 | 261,318,638 | (228,904,167) | (2,279,238) | 30,165,841 |
| Issuance of stock options/warrants for compensation and services | — | — | 3,798,717 | — | — | 3,798,717 |
| Common stock issued in connection with a public offering | 11,500,000 | 11,500 | 24,083,030 | — | — | 24,094,530 |
| Options and warrants exercised | 9,048 | 10 | 39,326 | — | — | 39,336 |
| Restricted stock expense | — | — | 186,389 | — | — | 186,389 |
| Repurchase of common stock for treasury | — | — | — | — | (138,009) | (138,009) |
| Net loss | — | — | — | (47,485,437) | — | (47,485,437) |
| Balance at December 31, 2013 | 42,116,964 | 42,118 | 289,426,100 | (276,389,604) | (2,417,247) | 10,661,367 |
| Issuance of stock options/warrants for compensation and services | — | — | 5,139,348 | — | — | 5,139,348 |
| Issuance of common stock in connection with the establishment of the Freiburg laboratory | 200,000 | 200 | 829,800 | — | — | 830,000 |
| Common stock issued in connection with a public offering | 13,225,000 | 13,225 | 80,522,176 | — | — | 80,535,401 |
| Options and warrants exercised | 280,022 | 281 | 431,660 | — | — | 431,941 |
| Issuance of restricted stock for compensation | 100,000 | 100 | 626,900 | — | — | 627,000 |
| Repurchase of common stock for treasury | — | — | — | — | (195,614) | (195,614) |
| Net loss | — | — | — | (30,117,980) | — | (30,117,980) |
| Balance at December 31, 2014 | 55,921,986 | $ 55,924 | $ 376,975,984 | $ (306,507,584) | $ (2,612,861) | $ 67,911,463 |

The accompanying notes are an integral part of these financial statements.

**CYTRX CORPORATION**
**STATEMENTS OF CASH FLOWS**

| | Years Ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net loss | $ (30,117,980) | $ (47,485,437) | $ (17,963,873) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation and amortization | 182,927 | 120,399 | 113,936 |
| Loss on retirement of equipment and furnishings | 1,220 | 2,595 | 42,267 |
| (Gain) loss on warrant liability | (19,051,239) | 20,210,094 | (2,766,704) |
| Unrealized foreign exchange gain | (125,659) | (118,438) | — |
| Stock-based compensation expense | 6,596,248 | 3,985,106 | 2,391,529 |
| Changes in assets and liabilities: | | | |
| Receivable | (1,901,766) | (835) | 65,902 |
| Interest receivable | (96,163) | 18,053 | 14,758 |
| Prepaid expenses and other current assets | (2,126,771) | (1,132,428) | (173,245) |
| Accounts payable | 2,779,409 | 789,655 | 984,547 |
| Accrued expenses and other current liabilities | 3,303,967 | (139,747) | (1,753,767) |
| Net cash used in operating activities | (40,555,807) | (23,750,983) | (19,044,650) |
| | | | |
| Cash flows from investing activities: | | | |
| Proceeds from matured short-term investments | 38,584,980 | 24,000,000 | 23,125,442 |
| Purchase of short-term investments | (57,121,593) | (27,084,980) | (29,067,770) |
| Purchases of equipment and furnishings | (956,286) | (41,809) | (141,639) |
| Net cash used in investing activities | (19,492,899) | (3,126,789) | (6,083,967) |
| | | | |
| Cash flows from financing activities: | | | |
| Proceeds from common stock issued in public offering, net of fees | 80,535,401 | 24,094,530 | 21,476,815 |
| Proceeds from issuance of restricted stock to employee | 100 | — | 100 |
| Repurchase of Company's own stock for treasury | (182,943) | (117,070) | — |
| Net proceeds from exercise of stock options and warrants | 431,941 | 39,336 | 7,200 |
| Net cash provided by financing activities | 80,784,499 | 24,016,796 | 21,484,115 |
| | | | |
| Net increase (decrease) in cash and cash equivalents | 20,735,793 | (2,860,976) | (3,644,502) |
| Cash and cash equivalents at beginning of year | 11,483,112 | 14,344,088 | 17,988,590 |
| Cash and cash equivalents at end of year | $ 32,218,905 | $ 11,483,112 | $ 14,344,088 |
| | | | |
| Supplemental disclosures of non-cash financing activities: | | | |
| Cashless warrant exercises | $ 133 | $ — | $ — |
| Repurchase of Company's own stock for treasury | $ 12,671 | $ 27,829 | $ — |
| Equipment and furnishings purchased but not paid | $ 23,282 | $ 3,360 | $ 1,506 |
| | | | |
| Supplemental disclosure of Cash Flow Information: | | | |
| Cash paid during the year for income taxes | $ 800 | $ 800 | $ — |

The accompanying notes are an integral part of these financial statements.

**CYTRX CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**1. Nature of Business**

CytRx Corporation ("CytRx" or the "Company") is a biopharmaceutical research and development company specializing in oncology. The Company currently is focused on the clinical development of aldoxorubicin (formerly known as INNO-206), its modified version of the widely-used chemotherapeutic agent, doxorubicin. CytRx has reported positive top-line efficacy results (median progression-free survival, progression-free survival at six months, overall response rates, hazard ratios and overall survival) from its completed, global Phase 2b clinical trial with aldoxorubicin as a treatment for soft tissue sarcoma, or STS. Hazard ratios - the likelihood that the study endpoint (in this case tumor progression) will be reached during a given period - are an important measure of the reliability and uniformity of the absolute data for progression-free survival, or PFS. The trial investigated the efficacy and safety of aldoxorubicin compared with doxorubicin in subjects with first-line metastatic, locally advanced or unresectable STS. Aldoxorubicin combines the chemotherapeutic agent doxorubicin with a novel linker-molecule that binds specifically to albumin in the blood to allow for delivery of higher amounts of doxorubicin (3½ to 4 times) without the major dose-limiting toxicities seen with administration of doxorubicin alone.

In the first quarter of 2014, CytRx initiated a pivotal Phase 3 trial of aldoxorubicin as a therapy for patients with STS whose tumors have progressed following treatment with chemotherapy, and it has received approval from the FDA to continue dosing patients with aldoxorubicin until disease progression in that clinical trial. The Phase 3 trial is being conducted under a Special Protocol Assessment, or SPA, granted by the U.S. Food and Drug Administration, or FDA. The SPA means that the FDA agrees that the design and analyses proposed in the Phase 3 trial protocol are acceptable to support regulatory approval of the product candidate with respect to effectiveness of the indication studied, and will not subsequently change its perspective on these matters, unless previously unrecognized public or human health concerns were to arise or we were to subsequently modify the protocol. Thus, if the study demonstrates an acceptable benefit-risk profile as determined by the FDA, it would suffice as the single pivotal trial to demonstrate effectiveness and would support registration of aldoxorubicin for this indication.

The Company is currently evaluating aldoxorubicin in a global Phase 2b clinical trial in small cell lung cancer, a Phase 2 clinical trial in HIV-related Kaposi's sarcoma, a Phase 2 clinical trial in patients with late-stage glioblastoma (brain cancer), a Phase 1b trial in combination with ifosfamide in patients with soft tissue sarcoma, and a Phase 1b trial in combination with gemcitabine in subjects with metastatic solid tumors. CytRx previously completed a global Phase 2b clinical trial with aldoxorubicin as a first-line therapy for STS, a Phase 1b/2 clinical trial primarily in the same indication, a Phase 1b clinical trial of aldoxorubicin in combination with doxorubicin in patients with advanced solid tumors and a Phase 1b pharmacokinetics clinical trial in patients with metastatic solid tumors.

The Company plans to expand its pipeline of oncology candidates through its drug development activities at its laboratory facility (a branch of the Company) in Freiburg, Germany, based on novel linker technologies that can be utilized with multiple chemotherapeutic agents and may allow for greater drug concentration at tumor sites.

At December 31, 2014, the Company had cash and cash equivalents of approximately $32.2 million and short-term investments of $45.6 million. Management believes that the Company's current cash on hand together with its short-term investments will be sufficient to fund its operations for the foreseeable future. The estimate is based, in part, upon the Company's currently projected expenditures for 2015 of approximately $58.6 million (unaudited), which includes approximately $43.9 million (unaudited) for its clinical programs for aldoxorubicin, approximately $2.0 million (unaudited) for pre-clinical development of new albumin-binding cancer drugs, approximately $3.8 million (unaudited) for general operation of its clinical programs, and approximately $8.9 million (unaudited) for other general and administrative expenses. These projected expenditures are also based upon numerous other assumptions and subject to many uncertainties, and actual expenditures may be significantly different from these projections. The Company will ultimately be required to obtain additional funding in order to execute its long-term business plans, although it does not currently have commitments from any third parties to provide it with capital. The Company cannot assure that additional funding will be available on favorable terms, or at all. If the Company fails to obtain additional funding when needed, it may not be able to execute its business plans and its business may suffer, which would have a material adverse effect on its financial position, results of operations and cash flows.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation* — The accompanying Financial Statements are prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and accounting principles generally accepted in the United States ("GAAP").

*Reverse Stock Split* — Effective May 15, 2012, the Company completed a 1-for-7 reverse stock split of the Company's outstanding shares of common stock; no change was made to the per-share par value of the common stock or to the number of shares of authorized common stock. All share and per share amounts in the accompanying financial statements have been adjusted to reflect the reverse stock split as if it had occurred at the beginning of the earliest period presented.

*Revenue Recognition* — Revenue consists of license fees from strategic alliances with pharmaceutical companies.

Monies received for license fees are deferred and recognized ratably over the performance period in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codifications ("ASC") ASC 605-25, *Revenue Recognition – Multiple-Element Arrangements* ("ASC 605-25"). Milestone payments will be recognized upon achievement of the milestone as long as the milestone is deemed substantive and the Company has no other performance obligations related to the milestone and collectability is reasonably assured, which is generally upon receipt, or recognized upon termination of the agreement and all related obligations. Deferred revenue represents amounts received prior to revenue recognition.

Revenues from contract research, government grants, and consulting fees are recognized over the respective contract periods as the services are performed, provided there is persuasive evidence or an arrangement, the fee is fixed or determinable and collection of the related receivable is reasonably assured. Once all conditions of the grant are met and no contingencies remain outstanding, the revenue is recognized as grant fee revenue and an earned but unbilled revenue receivable is recorded. There are no grant revenues earned for 2014, 2013 and 2012.

*Other Income* — The Company realized other income of $0.1 million in 2014, resulting from foreign exchange gains, other income of $0.2 million in 2013 resulting from foreign exchange gains, and other income of $0.2 million in 2012 resulting from the sub-lease of its New York City rental property inherited on the acquisition of Innovive Pharmaceuticals in 2008. The sub-lease expired in August 2012 and was not renewed.

*Cash Equivalents* — The Company considers all highly liquid debt instruments with an original maturity of 90 days or less to be cash equivalents. Cash equivalents consist primarily of amounts invested in money market accounts.

*Short-term Investments* — Investment securities held by the Company and expected to mature within 12 months are classified as available for sale.

*Equipment and Furnishings* — Equipment and furnishings are stated at cost and depreciated using the straight-line method based on the estimated useful lives (generally three to five years for equipment and furniture) of the related assets. Whenever there is a triggering event that might suggest impairment, management evaluates the realizability of recorded long-lived assets to determine whether their carrying values have been impaired. The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the non-discounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Any impairment loss is measured by comparing the fair value of the asset to its carrying amount. There are no impairment losses recognized in each of 2014, 2013 and 2012.

*Fair Value Measurements* — Assets and liabilities recorded at fair value on the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure the fair value. Level inputs are as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – other significant observable inputs for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – significant unobservable inputs that reflect management's best estimate of what market participants would use to price the assets or liabilities at the measurement date.

The following table summarizes fair value measurements by level at December 31, 2014 for assets and liabilities measured at fair value on a recurring basis:

| (In thousands) | Level I | Level II | Level III | Total |
|---|---|---|---|---|
| Cash equivalents | $ 31,159 | $ — | $ — | $ 31,159 |
| Short-term investments | 45,622 | — | — | 45,622 |
| Warrant liability | — | — | (5,131) | (5,131) |

The following table summarizes fair value measurements by level at December 31, 2013 for assets and liabilities measured at fair value on a recurring basis:

| (In thousands) | Level I | Level II | Level III | Total |
|---|---|---|---|---|
| Cash equivalents | $ 10,281 | $ — | $ — | $ 10,281 |
| Short-term investments | 27,085 | — | — | 27,085 |
| Warrant liabilities | — | — | (24,182) | (24,182) |

The changes in carrying amounts of warrant liabilities for the years ended December 31, 2014 and 2013 were as follows:

| (In thousands) | 2014 | 2013 |
|---|---|---|
| Beginning balance | 24,182 | 3,972 |
| Net changes in valuation | (19,051) | 20,210 |
| Ending balance | 5,131 | 24,182 |

Liabilities measured at market value on a recurring basis include warrant liabilities resulting from recent debt and equity financing. In accordance with ASC 815-40, *Derivatives and Hedging – Contracts in Entity's Own Equity* ("ASC 815-40"), the warrant liabilities are being marked to fair value each quarter-end until they are completely settled. The warrants are valued using the Black-Scholes method, using assumptions consistent with the Company's application of ASC 505-50, *Equity-Based Payments to Non-Employees* ("ASC 505-50"). See *Warrant Liabilities* below.

The Company considers carrying amounts of accounts receivable, accounts payable and accrued expenses to approximate fair value due to the short-term nature of these financial instruments.

*Patents and Patent Application Costs* — Although the Company believes that its patents and underlying technology have continuing value, the amount of future benefits to be derived from the patents is uncertain. Patent costs are therefore expensed as incurred.

*Net Income (Loss) Per Common Share* — Basic net income (loss) per common share is computed using the weighted-average number of common shares outstanding. Diluted net income (loss) per common share is computed using the weighted-average number of common share and common share equivalents outstanding. Potentially dilutive stock options and warrants to purchase approximately 17.4 million, 14.7 million and 11.0 million shares at December 31, 2014, 2013 and 2012, respectively, were excluded from the computation of diluted net income (loss) per share, because the effect would be anti-dilutive.

*Warrant Liabilities* —Liabilities measured at fair value on a recurring basis include warrant liabilities resulting from the Company's August 2011 equity financings. In accordance with ASC 815-40, the warrant liabilities are being marked to fair value each quarter-end until they are completely settled. The warrants are valued using the Black-Scholes method, using assumptions consistent with our application of ASC 505-50. The gain or loss resulting from the fair value calculation is shown on the Statements of Operations as gain (loss) on warrant liability. See "Note 9 – Warrant Liabilities" for additional information related to the determination of fair value of warrants.

*Shares Reserved for Future Issuance* — As of December 31, 2014, the Company has reserved approximately 0.7 million of its authorized but unissued shares of common stock for future issuance pursuant to its employee stock option plans issued to employees and consultants.

*Stock-based Compensation* — The Company's stock-based employee compensation plans are described in Note 13. The Company has adopted the provisions of ASC 718, which requires the fair value measurement and recognition of compensation expense for all stock-based awards made to employees.

For stock options and stock warrants paid in consideration of services rendered by non-employees, the Company recognizes compensation expense in accordance with the requirements of ASC 505-50*, Equity* (“ASC 505”), as amended. Non-employee option grants that do not vest immediately upon grant are recorded as an expense over the vesting period. At the end of each financial reporting period prior to performance, the value of these options, as calculated using the Black-Scholes option-pricing model, is determined, and compensation expense recognized or recovered during the period is adjusted accordingly. Since the fair market value of options granted to non-employees is subject to change in the future, the amount of the future compensation expense is subject to adjustment until the common stock options or warrants are fully vested.

*Research and Development Expenses* — Research and development expenses consist of costs incurred for direct and overhead-related research expenses and are expensed as incurred. Costs to acquire technologies, including licenses and drugs, that are utilized in research and development and that have no alternative future use are expensed when incurred. Technology developed for use in its products is expensed as incurred until technological feasibility has been established.

*Clinical Trial Expenses* — Clinical trial expenses, which are included in research and development expenses, include obligations resulting from the Company’s contracts with various clinical research organizations in connection with conducting clinical trials for its product candidates. The Company recognizes expenses for these activities based on a variety of factors, including actual and estimated labor hours, clinical site initiation activities, patient enrollment rates, estimates of external costs and other activity-based factors. The Company believes that this method best approximates the efforts expended on a clinical trial with the expenses it records. The Company adjusts its rate of clinical expense recognition if actual results differ from its estimates. If its estimates are incorrect, clinical trial expenses recorded in any particular period could vary.

*Income Taxes* — The Company accounts for income taxes in accordance with the provisions of FASB ASC 740-10, *Income Taxes, (“ASC 740”)* which requires the recognition of deferred tax assets and liabilities for taxable temporary differences and deferred tax assets for deductible temporary differences and operating loss carry-forwards using enacted tax rates in effect in the years the differences are expected to reverse. Deferred income tax benefit or expense is recognized as a result of changes in net deferred tax assets or deferred tax liabilities. A valuation allowance is recorded when it is more likely than not that some or all of any deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax positon will be sustained upon examination by the taxing authorities based on the technical merits of the positon. The Company's policy is to recognize any interest and penalties related to unrecognized tax benefits as a component of income tax expenses.

*Concentrations of Risks* — Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, cash equivalents and short-term investments. The Company maintains cash and cash equivalents in large well-capitalized financial institutions and the Company’s investment policy disallows investment in any debt securities rated less than “investment-grade” by national ratings services. The Company has not experienced any losses on its deposits of cash or cash equivalent or its short-term investments. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances.

*Use of Estimates* — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the accrual for research and development expenses, the basis for the classification of estimated income taxes and the estimate of expense arising from the common stock options and warrants granted to employees and non-employees. Actual results could materially differ from those estimates.

*Recent Accounting Pronouncements* — In May 2014, FASB issued Accounting Standards Update 2014-09, “ *Revenue from Contracts with Customers*” (“ASU 2014-09”), which amended the existing accounting standards for revenue recognition. ASU 2014-9 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the consideration expected to be received in exchange for those goods or services. The updated standard will replace most existing GAAP revenue recognition guidance when it becomes effective, and permits the use of either the retrospective or cumulative effect transition method. Early adoption of this accounting standard is not permitted. ASU 2014-09 will become effective for the first interim period beginning January 1, 2017. The company has not yet selected a transition method and is currently evaluating the effect that ASU 2014-9 will have on its financial statements.

In August 2014, FASB issued Accounting Standards Update 2014-15, “ *Presentation of Financial Statements – Going Concern (Subtopic 205-40)*”. The new guidance addresses management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. Management’s evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Company does not expect to early adopt this guidance and does not believe that the adoption of this guidance will have a material impact on its financial statements.

### 3. Foreign Currency Remeasurement

The U.S. dollar has been determined to be the functional currency for the net assets of the CytRx German Branch. The transactions are recorded in the local currencies and are remeasured at each reporting date using the historical rates for nonmonetary assets and liabilities and current exchange rates for monetary assets and liabilities at the balance sheet date. Exchange gains and losses from the remeasurement of monetary assets and liabilities are recognized in other income (loss). The Company recognized a loss of approximately $7,000, $0 and $0 for the years ended December 31, 2014, 2013 and 2012, respectively.

### 4. Receivables

At December 31, 2014, the Company had a receivable of $2.0 million, primarily related to amounts recoverable from its insurance carrier, associated with ongoing legal proceedings. See "Note 10 – Commitments and Contingencies" for additional information on legal proceedings. At December 31, 2013, the receivable of $0.1 million was primarily related to annual licensing fees due to the Company. Due to the likelihood of the collectability of the accounts receivable, no allowance was recorded.

### 5. Prepaid and Other Assets

At December 31, 2014 and 2013, the Company had $3.3 million and $2.3 million, respectively, of prepaid and other current assets, which consist primarily of deposits on contracts for research and development, prepaid insurance and leases for its facility.

### 6. Short-term Investments

The Company held $45.6 million of short-term investments at December 31, 2014. The Company has classified these investments as available for sale. These investments are comprised of federally insured certificates of deposit and these certificates of deposit accounts detailed as follows: $23.5 million with a maturity date of February 26, 2015, $10.0 million with a maturity date of April 23, 2015, and $12.1 million with a maturity date of April 30, 2015. At December 31, 2013, the Company held $27.1 million of short-term investments, which have since matured.

### 7. Equipment and Furnishings

Equipment and furnishings at December 31, 2014 and 2013 consist of the following (in thousands):

| | 2014 | 2013 |
|---|---|---|
| Equipment and furnishings | $ 1,417 | $ 513 |
| Less — accumulated depreciation | (446) | (338) |
| Equipment and furnishings, net | 971 | 175 |

Depreciation and amortization expense for the years ended December 31, 2014, 2013 and 2012 were 182,927, $120,399 and $113,936, respectively.

### 8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at December 31, 2014 and 2013 are summarized below (in thousands).

| | 2014 | 2013 |
|---|---|---|
| Professional fees | $ 2,593 | $ 316 |
| Research and development costs | 2,945 | 2,004 |
| Wages, bonuses and employee benefits | 451 | 349 |
| Other | 5 | 134 |
| Total | $ 5,994 | $ 2,803 |

**9. Warrant Liabilities**

Warrants issued in connection with the Company's August 2011 and July 2009 equity public offerings are classified as liabilities as opposed to equity due to their settlement terms. These warrants are non-cash liabilities and the Company is not required to expend any cash to settle these liabilities. The fair value of these warrants were recorded on the balance sheet at issuance and the warrants were marked to fair value at each financial reporting period, with changes in the fair value recorded as a gain or loss in the statement of operations. The fair value of the warrants is determined using the Black-Scholes option pricing model, which requires the use of significant judgment and estimates for the inputs used in the model. The following reflects the weighted-average assumptions for each of the periods indicated:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Risk-free interest rate | 0.46% | 0.13% - 0.58% | 0.25% - 0.45% |
| Expected dividend yield | 0% | 0% | 0% |
| Expected lives | 1.59 | 0.95 – 2.59 | 1.95 – 3.59 |
| Expected volatility | 89.7% | 83.4% - 95.3% | 72.6% - 76.0% |
| Number of warrants classified as liabilities | 6,371,854 | 6,984,716 | 6,984,716 |
| Gain (Loss) on warrant liabilities | $ 19,051,239 | $ (20,210,094) | $ 2,766,704 |

The dividend yield assumption of zero is based upon the fact the Company has never paid cash dividends and presently has no intention of paying cash dividends. The risk-free interest rate used for each grant is equal to the U.S. Treasury rates in effect at the time of the grant for instruments with a similar expected life. The expected lives are based on the remaining contractual lives of the related warrants at the valuation date. The Company's computation of expected volatility is based on the historical daily volatility of its publicly traded stock.

The 544,716 warrants issued in connection with the Company's July 2009 equity public offering expired in 2014.

**10. Commitments and Contingencies**

*Commitments*

The Company acquires assets still in development and enters into research and development arrangements with third parties that often require milestone and royalty payments to the third party contingent upon the occurrence of certain future events linked to the success of the asset in development. Milestone payments may be required, contingent upon the successful achievement of an important point in the development life-cycle of the pharmaceutical product (e.g., approval of the product for marketing by a regulatory agency). If required by the arrangement, CytRx may have to make royalty payments based upon a percentage of the sales of the pharmaceutical product in the event that regulatory approval for marketing is obtained.

These arrangements may be material individually, and in the unlikely event that milestones for multiple products covered by these arrangements were reached in the same period, the aggregate charge to expense could be material to the results of operations in any one period. In addition, these arrangements often give CytRx the discretion to unilaterally terminate development of the product, which would allow CytRx to avoid making the contingent payments; however, CytRx is unlikely to cease development if the compound successfully achieves clinical testing objectives.

CytRx's current contractual obligations that will require future cash payments are as follows (in thousands):

| | Operating Leases (1) | Employment Agreements (2) | Subtotal | Research and Development (3) | Total |
|---|---|---|---|---|---|
| 2015 | $ 324 | $ 2,915 | $ 3,239 | $ 26,803 | $ 30,042 |
| 2016 | 296 | 1,000 | 1,296 | 18,142 | 19,438 |
| 2017 | 310 | 1,000 | 1,310 | 7,367 | 8,677 |
| 2018 | 277 | 1,000 | 1,277 | 1,310 | 2,587 |
| 2019 | 278 | — | 278 | — | 278 |
| Thereafter | 59 | — | 59 | — | 59 |
| Total | $ 1,544 | $ 5,915 | $ 7,459 | $ 53,622 | $ 61,081 |

____________

(1) Operating leases are primarily facility lease related obligations, as well as equipment lease obligations with third party vendors. The Company recognized rent expenses of $335,991, $315,134, and $324,536 in 2014, 2013 and 2012, respectively.

(2) Employment agreements include management contracts which have been revised from time to time. The employment agreement for the Company's President and Chief Executive Officer provides for a minimum salary level, which is adjusted annually at the discretion of the Company's Compensation Committee, as well as for minimum bonuses that are payable. New employment agreements for the Company's other executive officers are usually entered into annually or biennially.

(3) Research and development obligations relate primarily to clinical trials. Most of these purchase obligations are cancelable.

*Contingencies*

The Company applies the disclosure provisions of ASC 460, *Guarantees* ("ASC 460") to its agreements that contain guarantees or indemnities by the Company. The Company provides (i) indemnifications of varying scope and size to certain investors and other parties for certain losses suffered or incurred by the indemnified party in connection with various types of third-party claims; and (ii) indemnifications of varying scope and size to officers and directors against third party claims arising from the services they provide to the Company. To date, the Company has not incurred material costs as a result of these indemnities, and does not expect to incur material costs in the future; further, the Company maintains insurance to cover certain losses arising from these indemnities. Accordingly, the Company has not accrued any liabilities relatied to these indemnities.

The Company is occasionally involved in legal proceedings and other matters arising from the normal course of business. As previously reported in the Company's Quarterly Report filed with the SEC on November 4, 2014, on June 13, 2014, three purported securities class action lawsuits pending in the United States District Court for the Central District of California, were in the matter of *In re CytRx Corporation Securities Litigation*, 2:14-CV-01956-GHK (PJWx), and lead plaintiff and lead counsel were appointed. On October 1, 2014, plaintiffs filed a consolidated amended complaint on behalf of all persons who purchased or otherwise acquired the publicly traded securities of CytRx between November 20, 2013 and March 13, 2014, against CytRx, certain Company officers and directors, a freelance writer, and certain underwriters. The complaint alleges that certain of the defendants violated the Securities Exchange Act of 1934 by making materially false and misleading statements in press releases, promotional articles, SEC filings and other public statements. The complaint further alleges that certain of the defendants violated the Securities Act of 1933 by making materially misleading statements and omitting material information in the shelf Registration Statement on Form S-3 filed with the SEC on December 6, 2012 and Prospectus Supplement on Form 424(b)(2) filed with the SEC on January 31, 2014. These allegations arise out of the Company's alleged retention of The DreamTeam Group and MissionIR, external investor and public relations firms unaffiliated with the Company, as well as the Company's December 9, 2013 grant of stock options to certain board members and officers. The consolidated amended complaint seeks damages, including interest, in an unspecified amount, reasonable costs and attorneys' fees, and any equitable, injunctive, or other relief that the court may deem just and proper. On December 5, 2014, CytRx and the individual defendants filed a motion to dismiss the complaint. The Court was scheduled to hear argument on this motion on March 2, 2015. On February 25, 2015, the Court took this motion under submission and took the hearing off the calendar.

Also, on April 3, 2014, as previously reported, a purported class action lawsuit was filed against the Company and certain officers and each director, as well as certain underwriters, in the Superior Court of California, County of Los Angeles, captioned *Rajasekaran v. CytRx Corporation, et al.*, BC541426. The complaint purports to be brought on behalf of all shareholders who purchased or otherwise acquired the Company's common stock pursuant and/or traceable to the Company's secondary common stock offering, which closed on February 5, 2014. The complaint alleges that defendants violated the federal securities laws by making materially false and misleading statements in filings with the SEC. The complaint seeks compensatory damages in an unspecified amount, rescission, and attorney's fees and costs. On October 14, 2014, the court granted the parties' joint ex parte motion to stay this proceeding pending resolution of motions to dismiss in the related federal action, *In re CytRx Corporation Securities Litigation*, 2:14-CV-01956-GHK (PJWx).

As previously reported, on July 3, 2014, a shareholder derivative lawsuit was filed in the United States District Court for the Central District of California, captioned *Fishman v. Kriegsman, et al.*, 2:14-cv-05169, against nominal defendant CytRx and certain officers and each director of the Company. The complaint alleges breach of fiduciary duties, corporate waste, gross mismanagement, and unjust enrichment in connection with the Company's alleged retention of DreamTeamGroup and MissionIR, two external investor and public relations firms unaffiliated with the Company. The complaint seeks damages, restitution, corporate governance reforms, and attorney's fees and costs. On September 3, 2014, plaintiff filed a notice to voluntarily dismiss this action against all parties without prejudice, which the court granted on September 9, 2014.

On June 13, 2014, the Delaware Court of Chancery consolidated *Schwartz v. Ignarro, et al.*, Case No. 9864, *Johnson v. Ignarro, et al.*, Case No. 9884, and *Silverberg v. Kriegsman, et al.*, Case No. 9919, three shareholder derivative lawsuits described in our Quarterly Report filed with the SEC on August 6, 2014. The allegations in the *Schwartz* and *Johnson* complaints relate to the Company's December 9, 2013 grant of stock options to certain board members and officers. The allegations in the *Silverberg* complaint relate to the Company's December 9, 2013 grant of stock options to certain board members and officers as well as the Company's alleged retention of DreamTeamGroup and MissionIR, two external investor and public relations firms unaffiliated with the Company. A consolidated complaint was filed on October 9, 2014. On November 10, 2014, CytRx and the individual defendants filed a motion to dismiss the complaint or, in the alternative, to stay the action. The Delaware Court of Chancery heard argument on the motions on January 8, 2015. The Court denied the motion to dismiss and granted in part and denied in part the motion to stay. More specifically, the Court allowed plaintiffs to immediately pursue their claims relating to the December 2013 grant of stock options.

On August 14, 2014, a shareholder derivative lawsuit, captioned *Pankratz v. Kriegsman, et al.*, 2:14-cv-06414-PA-JPR, was filed in the United States District Court for the Central District of California against CytRx, as nominal defendant, and certain officers and each director. The complaint alleges breach of fiduciary duties, unjust enrichment, gross mismanagement, abuse of control, insider selling and misappropriation of information in connection with the Company's alleged retention of DreamTeamGroup and MissionIR, two external investor and public relations firms unaffiliated with the Company, as well as the Company's December 9, 2013 grant of stock options to certain board members and officers. The complaint seeks unspecified damages, corporate governance and internal procedures reforms, restitution, disgorgement of all profits, benefits, and other compensation obtained by the individual defendants, and the costs and disbursements of the action.

On August 15, 2014, a shareholder derivative complaint, captioned *Taylor v. Kriegsman, et al.*, 2:14-cv-06451, was filed in the United States District Court for the Central District of California against CytRx, as nominal defendant, and certain officers and each director. The complaint alleges breach of fiduciary duties, unjust enrichment, gross mismanagement, abuse of control, unjust enrichment, insider selling and misappropriation of information in connection with the Company's alleged retention of DreamTeamGroup and MissionIR, two external investor and public relations firms unaffiliated with the Company, as well as the Company's December 9, 2013 grant of stock options to certain board members and officers. The complaint seeks unspecified damages, corporate governance and internal procedures reforms, restitution, disgorgement of all profits, benefits, and other compensation obtained by the individual defendants, and the costs and disbursements of the action.

On October 8, 2014, the Court in *Pankratz* and *Taylor* consolidated the cases and appointed lead plaintiffs and co-lead counsel. On October 20, 2014, the Company and the individual defendants filed motions to dismiss the consolidated *Pankratz* and *Taylor* cases or, in the alternative, to stay the cases. On January 9, 2015, the court stayed the action pending the resolution of the consolidated Delaware derivative action.

The Company intends to vigorously defend against the foregoing complaints. The Company has directors' and officers' liability insurance, which will be utilized in the defense of these matters. As of December 31, 2014, the Company has incurred legal expenses of $6.3 million, of which approximately $5.3 million was submitted to its insurance carrier for reimbursement, $1.9 million of which is included in the Receivables on the accompanying Balance Sheet. The liability insurance may not cover all of the future liabilities the Company may incur in connection with the foregoing matters. The Company records accruals for loss contingencies to the extent that the Company concludes that it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated. Based on the very early stage of litigation, it is not possible to estimate the amount or range of possible loss that might result from an adverse judgment or a settlement of these matters. The Company evaluates developments in legal proceedings and other matters on a quarterly basis.

**11. Equity Transactions**

On March 15, 2014, the Company issued 200,000 common shares to KTB Tumorforschungs GmbH, the licensor of aldoxorubicin, in connection with the establishment of the Company's Freiburg, Germany research and development laboratory. The fair value of the shares was $0.8 million, based on the stock price as of the date of the transaction.

On February 5, 2014, the Company completed an $86.0 million underwritten public offering, in which it sold and issued 13.2 million shares of common stock at a price of $6.50 per share. Net of underwriting discounts, legal, accounting and other offering expenses, the Company received proceeds of approximately $80.5 million. Immediately after the sale, the Company had approximately 55.3 million shares of common stock outstanding, without giving effect to the possible exercise of any of the Company's outstanding warrants or stock options.

On October 15, 2013, the Company completed a $25.9 million underwritten public offering, in which it sold and issued 11.5 million shares of common stock at a price of $2.25 per share. Net of underwriting discounts, legal, accounting and other offering expenses, the Company received proceeds of approximately $24.1 million.

On October 23, 2012, the Company completed a $23.0 million underwritten public offering, in which it sold and issued 9.2 million shares of common stock at a price of $2.50 per share. Net of underwriting discounts, legal, accounting and other offering expenses, the Company received proceeds of approximately $21.5 million.

Effective May 15, 2012, the Company completed a 1-for-7 reverse stock split of the Company's outstanding shares of common stock; no change was made to the per-share par value of the common stock or to the number of shares of authorized common stock.

## 12. Investment in ADVENTRX Pharmaceuticals

On April 8, 2011, ADVENTRX Pharmaceuticals completed its acquisition of SynthRx, Inc., in which the Company held a 19.1% interest. As a result of the transaction, the Company received approximately 126,000 shares of common stock of ADVENTRX, which it sold on October 11, 2011 for $112,200, and on June 6, 2012, the Company received an additional 38,196 shares of common stock of ADVENTRX that had been held in an escrow established in connection with the acquisition, which it sold for $17,900. If all of the development milestones under the acquisition agreement were to be achieved, the Company also would be entitled to receive up to 2.9 million additional ADVENTRX shares. At the time of the sales, the Company's interest in SynthRx had a zero carrying value.

## 13. Stock Options and Warrants

### Stock Options

The Company has a 2000 Long-Term Incentive Plan under which 1.4 million shares of common stock were originally reserved for issuance. As of December 31, 2014, there were approximately 0.8 million shares subject to outstanding stock options. This plan expired on August 6, 2010, and thus no further shares are available for future grant under this plan.

The Company also has a 2008 Stock Incentive Plan under which 10.0 million shares of common stock were originally reserved for issuance. The number of shares reserved for issuance under the 2008 Plan was then fixed at 5.0 million shares, after giving effect to the 1-for-7 reverse stock split implemented on May 15, 2012, and then fixed at 10.0 million shares by an amendment to this plan approved by the stockholders at the 2013 Annual Meeting of Stockholders. As of December 31, 2014, there were 9.3 million shares subject to outstanding stock options and 0.7 million shares available for future grant under this plan.

The Company follows the provisions of ASC 718, *Compensation-Stock Compensation,* which requires the measurement and recognition of compensation expense for all stock-based awards made to employees.

The fair value of the stock options at the date of grant was estimated using the Black-Scholes option-pricing model, based on the following assumptions:

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Risk-free interest rate | 1.74% - 2.12% | 0.91% - 2.79% | 0.83% - 1.78% |
| Expected volatility | 82% - 90% | 85% - 89% | 0% - 82% |
| Expected lives (years) | 6 - 10 | 6 - 10 | 6 - 10 |
| Expected dividend yield | 0.00% | 0.00% | 0.00% |

The Company's computation of expected volatility is based on the historical daily volatility of its publicly traded stock. For option grants issued during years ended December 31, 2014, 2013 and 2012, the Company used a calculated volatility for each grant. The Company lacks adequate information about the exercise behavior at this time and has determined the expected term assumption under the simplified method provided for under ASC 718, which averages the contractual term of the Company's options of ten years with the average vesting term of three years for an average of six years. The dividend yield assumption of zero is based upon the fact the Company has never paid cash dividends and presently has no intention of paying cash dividends. The risk-free interest rate used for each grant is equal to the U.S. Treasury rates in effect at the time of the grant for instruments with a similar expected life. Based on historical experience, for the year ended December 31, 2014, the Company has estimated an annualized forfeiture rate of 10% for options granted to its employees, 2% for options granted to senior management and 0% for options granted to directors; for each of the years ended December 31, 2013 and 2012, the Company has estimated an annualized forfeiture rate of 12% for options granted to its employees, 2% for options granted to senior management and 0% for options granted to directors. Compensation costs will be adjusted for future changes in estimated forfeitures. The Company will record additional expense if the actual forfeitures are lower than estimated and will record a recovery of prior expense if the actual forfeiture rates are higher than estimated. No amounts relating to employee stock-based compensation have been capitalized.

At December 31, 2014, there remained approximately $6.2 million of unrecognized compensation expense related to unvested stock options granted to current employees and directors, to be recognized as expense over a weighted-average period of 1.26 years. Presented below is the Company's stock option activity for employees and directors:

| | Stock Options | | | Weighted Average Exercise Price | | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| Outstanding — beginning of year | 6,228,593 | 3,240,850 | 1,763,923 | $ 3.11 | $ 4.08 | $ 6.01 |
| Granted | 3,180,000 | 3,323,176 | 1,541,002 | 2.47 | 2.43 | 1.86 |
| Exercised | (1,667) | (476) | (1,071) | 1.83 | 1.93 | 2.80 |
| Forfeited | (24,333) | (127,812) | (63,004) | 2.81 | 3.09 | 3.89 |
| Expired | (34,001) | (207,145) | — | 8.18 | 9.59 | — |
| Outstanding — end of year | 9,348,592 | 6,228,593 | 3,240,850 | 2.83 | 3.11 | 4.08 |
| Exercisable at end of year | 4,901,511 | 3,125,720 | 1,918,461 | $ 3.22 | $ 3.86 | $ 3.69 |
| Weighted average fair value of stock options granted during the year: | $ 1.80 | $ 1.82 | $ 1.44 | | | |

For stock options paid in consideration of services rendered by non-employees, the Company recognizes compensation expense in accordance with the requirements of ASC 505-50.

Non-employee option grants that do not vest immediately upon grant are recorded as an expense over the vesting period. At the end of each financial reporting period prior to performance, the value of these options, as calculated using the Black-Scholes option pricing model, is determined, and compensation expense recognized or recovered during the period is adjusted accordingly. Since the fair market value of options granted to non-employees is subject to change in the future, the amount of the future compensation expense is subject to adjustment until the common stock options are fully vested.

The Company recorded approximately $1,276,000, $40,000 and $0 of non-cash charges related to the issuance of stock options to certain consultants in exchange for services during 2014, 2013 and 2012, respectively.

At December 31, 2014, there was no unrecognized compensation expense related to unvested non-employee stock options. Presented below is the Company's non-employee stock option activity:

| | Stock Options | | | Weighted Average Exercise Price | | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| Outstanding — beginning of year | 167,143 | 142,143 | 143,572 | $ 5.69 | $ 6.20 | $ 6.17 |
| Granted | 550,000 | 25,000 | — | 2.76 | 2.79 | — |
| Exercised | — | — | (1,429) | — | — | 2.94 |
| Forfeited | (25,000) | — | — | 2.79 | — | — |
| Outstanding — end of year | 692,143 | 167,143 | 142,143 | 3.47 | 5.69 | 6.20 |
| Exercisable at end of year | 692,143 | 167,143 | 133,215 | $ 3.47 | $ 5.69 | $ 6.10 |
| Weighted average fair value of stock options granted during the year: | $ 2.32 | $ 1.98 | $ — | | | |

The fair value of the stock options at the date of grant was estimated using the Black-Scholes option-pricing model, based on the following assumptions:

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Risk-free interest rate | 2.23% | 2.05% | — |
| Expected volatility | 85.0% | 84.8% | — |
| Expected lives (years) | 10 | 10 | — |
| Expected dividend yield | 0% | 0% | — |

The following table summarizes significant ranges of outstanding stock options under the two plans at December 31, 2014:

| Range of Exercise Prices | Number of Options | Weighted Average Remaining Contractual Life (years) | Weighted Average Exercise Price | Number of Options Exercisable | Weighted Average Contractual Life | Weighted Average Exercise Price |
|---|---|---|---|---|---|---|
| $ 1.83 — 2.50 | 7,932,558 | 8.99 | $ 2.19 | 3,801,902 | 8.99 | $ 2.17 |
| $ 2.51 — 3.50 | 774,482 | 8.89 | 2.78 | 691,387 | 8.89 | 2.75 |
| $ 3.51 — 8.00 | 989,201 | 6.04 | 6.27 | 755,871 | 6.04 | 6.57 |
| $ 8.01 — 32.55 | 344,494 | 2.38 | 8.93 | 344,494 | 2.38 | 8.93 |
| | | | | | | |
| | 10,040,735 | 8.46 | $ 2.87 | 5,593,654 | 8.46 | $ 3.25 |

The aggregate intrinsic value of outstanding options and options vested as of December 31, 2014 and the options exercised during 2014 were $4.4 million, $2.2 million and $0, respectively, which represent options whose exercise price was less than the closing fair market value of the Company's common stock on December 31, 2014 of $2.74.

The following table sets forth the total stock-based compensation expense resulting from stock options and warrants included in the Company's Statements of Operations:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Research and development - employee | $ 932,482 | $ 241,459 | $ 345,797 |
| General and administrative - employee | 2,383,624 | 2,659,105 | 1,607,153 |
| Total employee stock-based compensation | $ 3,316,106 | $ 2,900,564 | $ 1,952,950 |
| | | | |
| Research and development – non-employee | $ 86,539 | $ — | $ — |
| General and administrative – non-employee | 1,736,703 | 898,153 | 438,068 |
| Total non-employee stock-based compensation | $ 1,823,242 | $ 898,153 | $ 438,068 |

**Restricted Stock**

On January 1, 2014, the Company granted to Dr. Daniel Levitt, Executive Vice President and Chief Medical Officer, 100,000 shares of CytRx Corporation restricted stock pursuant to the 2008 Plan, which shares have now fully vested. The Company also granted to Dr. Levitt 100,000 shares of CytRx Corporation restricted stock pursuant to the 2008 Plan on December 31, 2012, which shares have now fully vested. The fair value of the restricted stock is based on the market price of the Company's shares on the grant date less the par value received as consideration. The fair value of the restricted shares granted on January 1, 2014 was $626,900, and the fair value of the restricted shares granted on December 31, 2012 was $186,900. The Company recorded an employee stock-based compensation expense for restricted stock of $626,900, $186,389 and $511 for the years ended December 31, 2014, 2013 and 2012, respectively.

**Warrants**

In March 2014, we issued a warrant to purchase 25,000 shares of our common stock at an exercise price of $5.60 in connection with the establishment of our Freiburg, Germany research and development laboratory.

In August 2013, we issued a warrant to purchase 500,000 shares of our common stock at an exercise price of $2.50 per share in connection with a financial advisory arrangement. In November 2013, we issued two warrants, each to purchase 125,000 shares of our common stock, at exercise prices of $3.00 and $3.75 per share, respectively, in connection with financial advisory arrangements.

Warrants issued in connection with the Company's August 2011 financings are classified as liabilities as opposed to equity due to their settlement terms. At December 31, 2014, 6,371,854 shares were underlying such warrants, as compared to 6,984,716 for 2013 and 2012, which included warrants issued in connection with the Company's July 2009 financing, now expired. See Note 9 – Warrant Liabilities.

All other warrants issued by the Company other than warrants issued in connection with its August 2011 financing are classified as equity; the fair value of the warrants was recorded as additional paid-in capital and no further adjustments are made.

A summary of the Company's warrant activity and related information for the years ended December 31 are shown below.

| | Warrants | | | Weighted Average Exercise Price | | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| Outstanding — beginning of year | 8,324,609 | 7,518,113 | 7,397,415 | $ 4.86 | $ 5.09 | $ 5.32 |
| Granted | 25,000 | 816,667 | 285,716 | 5.60 | 2.80 | 2.06 |
| Exercised | (340,527) | (8,572) | (5,714) | 2.56 | 4.48 | 1.89 |
| Forfeited | — | — | (28,571) | — | — | 1.89 |
| Expired | (659,322) | (1,599) | (130,733) | 12.66 | 14.99 | 11.90 |
| Outstanding — end of year | 7,349,760 | 8,324,609 | 7,518,113 | 4.27 | 4.86 | 5.09 |
| Exercisable at end of year | 7,149,760 | 7,924,609 | 7,452,396 | $ 4.32 | $ 4.98 | $ 5.11 |
| Weighted average fair value of warrants granted during the year | $ 3.46 | $ 1.31 | $ 1.22 | | | |

During 2014, 62,172 warrants were surrendered in connection with the cashless exercise. There were no cashless exercises of warrants in 2013 and 2012.

The following table summarizes additional information concerning warrants outstanding and exercisable at December 31, 2014:

| | Warrants Outstanding | | | | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number of Shares | Weighted Average Remaining Contractual Life (years) | Weighted Average Exercise Price | Warrants Number of Shares Exercisable | Exercisable Weighted Average Exercise Price |
| $ 2.10 — 2.60 | 645,716 | 3.05 | $ 2.42 | 445,716 | $ 2.38 |
| $ 2.61 — 3.60 | 125,000 | 0.86 | 3.00 | 125,000 | 3.00 |
| $ 3.61 — 4.60 | 6,496,899 | 1.57 | 4.47 | 6,496,899 | 4.47 |
| $ 4.61 — 5.60 | 82,145 | 3.20 | 5.41 | 82,145 | 5.41 |
| | 7,349,760 | 1.71 | $ 4.27 | 7,149,760 | $ 4.32 |

**14. Stockholder Protection Rights Plan**

Effective April 16, 1997, the Company's board of directors declared a distribution of one right ("Rights") for each outstanding share of the Company's common stock to stockholders of record at the close of business on May 15, 1997 and for each share of common stock issued by the Company thereafter and prior to a Flip-in Date (as defined below). Each Right entitles the registered holder to purchase from the Company one-ten thousandth (1/10,000th) of a share of Series A Junior Participating Preferred Stock, at an exercise price of $30. The Rights are generally not exercisable until 10 business days after an announcement by the Company that a person or group of affiliated persons (an "Acquiring Person") has acquired beneficial ownership of 15% or more of the Company's then outstanding shares of common stock (a "Flip-in Date").

In the event the Rights become exercisable as a result of the acquisition of shares, each Right will enable the owner, other than the Acquiring Person, to purchase at the Right's then-current exercise price a number of shares of common stock with a market value equal to twice the exercise price. In addition, unless the Acquiring Person owns more than 50% of the outstanding shares of common stock, the Board of Directors may elect to exchange all outstanding Rights (other than those owned by such Acquiring Person) at an exchange ratio of one share of common stock per Right. All Rights that are owned by any person on or after the date such person becomes an Acquiring Person will be null and void.

The Rights have been distributed to protect the Company's stockholders from coercive or abusive takeover tactics and to give the Board of Directors more negotiating leverage in dealing with prospective acquirers. In April 2007, the Company extended the stockholder rights plan through April 2017.

## 15. Income Taxes

At December 31, 2014, the Company had federal and state net operating loss carryforwards of $227.5 million and $157.5 million, respectively, available to offset against future taxable income, which expire in 2015 through 2034.

As a result of a change in-control that occurred in the CytRx shareholder base, approximately $62.3 million in federal net operating loss carryforwards became substantially limited in their annual availability. Management currently believes that the remaining $165.2 million in federal net operating loss carryforwards, and the $157.5 million in state net operating loss carryforwards, are unrestricted.

As of December 31, 2014, CytRx also had research and development and alternative minimum tax credits for federal and state purposes of approximately $12.2 million and $17.4 million, respectively, available for offset against future income taxes, which expire in 2022 through 2034. Based on an assessment of all available evidence including, but not limited to, the Company's limited operating history in its core business and lack of profitability, uncertainties of the commercial viability of its technology, the impact of government regulation and healthcare reform initiatives, and other risks normally associated with biotechnology companies, the Company has concluded that it is more likely than not that these net operating loss carryforwards and credits will not be realized and, as a result, a 100% deferred tax valuation allowance has been recorded against these assets.

Deferred income taxes reflect the net effect of temporary differences between the financial reporting carrying amounts of assets and liabilities and income tax carrying amounts of assets and liabilities. The components of the Company's deferred tax assets and liabilities, all of which are long-term, are as follows (in thousands):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Deferred tax assets: | | |
| Net operating loss carryforwards | $ 86,541 | $ 69,989 |
| Tax credit carryforwards | 22,716 | 18,816 |
| Equipment, furnishings and other | 14,396 | 11,313 |
| Total deferred tax assets | 123,653 | 100,118 |
| Deferred tax liabilities | (187) | (92) |
| Net deferred tax assets | 123,466 | 100,026 |
| Valuation allowance | (123,466) | (100,026) |
| | $ — | $ — |

For all years presented, the Company did not recognize any deferred tax assets or liabilities. The net change in valuation allowance for the years ended December 31, 2014 and 2013 was $23.4 million and $14.6 million, respectively.

The provision for income taxes differs from the provision computed by applying the Federal statutory rate to net loss before income taxes as follows (in thousands):

| | Years ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Federal benefit at statutory rate | $ (10,240) | $ (16,145) | $ (6,107) |
| State income taxes, net of Federal taxes | (2,773) | (1,517) | (745) |
| State credits | (990) | (787) | (1,555) |
| Warrant liabilities | (6,477) | 6,871 | 941 |
| Other permanent differences | 37 | 14 | (23) |
| Provision related to change in valuation allowance | 23,440 | 14,606 | 14,069 |
| Current year tax credit | (1,300) | (1,034) | — |
| Return to provision | (1,504) | (2,011) | (6,578) |
| Other, net | (192) | 5 | — |
| | $ 1 | $ 2 | $ 2 |

There have been no changes to the Company's liability for unrecognized tax benefits during the year ended December 31, 2014.

The Company files income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. As of the year ended December 31, 2014, the tax returns for 2010 through 2014 remain open to examination by the Internal Revenue Service and various state tax authorities.

The Company's policy is to recognize any interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of the years ended December 31, 2014, 2013 and 2012, the Company had accrued no interest or penalties related to uncertain tax positions.

**16. Quarterly Financial Data (unaudited)**

Summarized quarterly financial data for 2014 and 2013 is as follows (in thousands, except per share data):

| | Quarters Ended | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| | (In thousands, except per share data) | | | |
| **2014** | | | | |
| Total revenues | $ — | $ — | $ — | $ 100 |
| Net income (loss) | $ 4,665 | $ (15,719) | $ (5,625) | $ (13,439) |
| Basic income (loss) per share applicable to common stock | $ 0.09 | $ (0.28) | $ (0.10) | $ (0.24) |
| Diluted income (loss) per share applicable to common stock | $ 0.08 | $ (0.28) | $ (0.10) | $ (0.24) |
| **2013** | | | | |
| Total revenues | $ — | $ 200 | $ — | $ 100 |
| Net loss | $ (6,864) | $ (3,423) | $ (9,980) | $ (27,218) |
| Basic and diluted loss per share applicable to common stock | $ (0.23) | $ (0.11) | $ (0.33) | $ (0.68) |

Quarterly and year-to-date loss per share amounts are computed independently of each other. Therefore, the sum of the per share amounts for the quarters may not agree to the per share amounts for the year.

**CYTRX CORPORATION**
**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS**
**For the Years Ended December 31, 2014, 2013 and 2012**

| Description | Balance at Beginning of Year | Additions Charged to Costs and Expenses | Charged to Other Accounts | Deductions | Balance at End of Year |
|---|---|---|---|---|---|
| Reserve Deducted in the Balance Sheet from the Asset to Which it Applies: | | | | | |
| Allowance for Deferred Tax Assets | | | | | |
| Year ended December 31, 2014 | $ 100,026,000 | $ — | $ 23,440,000 | $ — | $ 123,466,000 |
| Year ended December 31, 2013 | $ 85,420,000 | $ — | $ 14,606,000 | $ — | $ 100,026,000 |
| Year ended December 31, 2012 | $ 71,351,000 | $ — | $ 14,069,000 | $ — | $ 85,420,000 |

**Exhibit 10.20**

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made and entered into as of January 1, 2015 (the "Effective Date") by and between CytRx Corporation, a Delaware corporation ("Employer"), and Daniel Levitt, M.D., Ph.D., an individual and resident of the State of California ("Employee").

WHEREAS, Employer desires to continue to employ Employee, and Employee is willing to be employed by Employer, on the terms set forth in this Agreement.

NOW, THEREFORE, upon the above premises, and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows.

1. Employment. Effective as of the Effective Date, Employer shall continue to employ Employee, and Employee shall continue to serve, as Employer's Chief Medical Officer and Executive Vice President on the terms set forth herein.

2. Duties; Places of Employment. Employee shall perform in a professional and business-like manner, and to the best of his ability, the duties described on Schedule 1 to this Agreement and such other duties as are mutually agreed to in writing from time to time by Employee and Employer's President and Chief Executive Officer. Subject to the succeeding sentences, Employee's services hereunder shall be rendered at Employer's San Francisco office and its corporate offices in Los Angeles, California, except for travel when and as required in the performance of Employee's duties hereunder. Employee may work remotely from the San Francisco office and during such time, Employee shall make himself readily accessible to Employer by telephone, via the Internet or other remote access, as Employee deems reasonably necessary for the performance of Employee's services hereunder. Employer shall make available to Employee remote computer access in Employer's San Francisco office to Employer's computerized systems and shall provide technical and hardware support.

3. Time and Efforts. Subject to this Section 3, Employee shall devote all of his business time, efforts, attention and energies to Employer's business. Employer agrees that Employee may continue to serve as a director on the board of directors of Aquinox Corp. and as a director and treasurer of the board of the San Francisco SPCA. In addition, Employee may serve on the board or advisory committee of other companies or organizations or provide consulting services to other companies or organizations, provided in each case that such company or organization is not directly competitive with Employer. Employee shall inform Employer of such services.

4. Term. The term (the "Term") of Employee's employment hereunder shall commence on the Effective Date and shall expire on December 31, 2015, unless sooner terminated in accordance with Section 6. Neither Employer nor Employee shall have any

5. obligation to extend or renew this Agreement. In the event that Employer does not offer to extend or renew the Agreement, Employer shall continue to pay Employee his salary as provided for in Section 5.1 during the period commencing on the final date of the Term and ending on December 31, 2016.

6. Compensation. As the total consideration for Employee's services rendered hereunder, Employer shall pay or provide Employee the following compensation and benefits:

6.1. Salary. Employee shall be entitled to receive an annual salary of SIX HUNDRED TWENTY FIVE THOUSAND DOLLARS ($625,000.00), payable in accordance with Employer's normal payroll policies and procedures

6.2. Bonus. Employee is eligible for a bonus for his services during the Term. The bonus, payable with respect to calendar year 2015 shall not be less than ONE HUNDRED FIFTY THOUSAND DOLLARS ($150,000.00). One half of such bonus (*i.e.* not less than $75,000) shall be paid on or before June 30, 2015, and the other half of such bonus (*i.e.* not less than $75,000) shall be paid on or before December 31, 2015.

6.3. Expense Reimbursement. (a) Employer shall reimburse Employee for reasonable and necessary business expenses incurred by Employee in connection with the performance of Employee's duties in accordance with Employer's usual practices and policies in effect from time to time; provided, however, that Employee shall be permitted to fly first class on all plane trips that are scheduled for more than two (2) hours in duration. (b) When Employee travels to Employer's corporate offices, Employer shall pay for (i) round-trip airfare and airport parking or other ground transportation to and from the airports, or, (ii) if driving, the cost of gas, tolls and meals, but shall not pay for any other food or other incidentals except as specifically set forth herein. (c) During the Term, Employer shall provide Employee with (i) hotel, parking and meal accommodations while Employee is working at Employer's corporate offices in reasonable proximity to Employer's corporate offices as chosen by Employee, (ii) Employer-paid memberships to one airline club, and (iii) the use of a rental car leased by Employer with Employer-paid insurance for use while working in Los Angeles, California.

6.4. Tax Gross-Ups.

(a) Travel, Hotel and Meal Payments. In the event it shall be determined that any payment by the Employer to or for the benefit of Employee under Section 5.3 above (whether paid or payable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 5.4) (a "Travel, Hotel and Meal Payment") would be subject to federal or state income or payroll tax (such income and payroll tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Additional Section 5.3 Income Tax"), then Employee shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation,

(b) any income taxes (and any interest and penalties imposed with respect thereto) imposed upon the Gross-Up Payment, Employee retains an amount of the Gross-Up Payment equal to the Additional Section 5.3 Income Tax imposed upon the Travel, Hotel and Meal Payments.

(c) Change in Control Payments. In the event it shall be determined that any payment or distribution by the Employer to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, including Section 5.3 above, or otherwise, but determined without regard to any additional payments required under this Section 5.4) (a "Change in Control Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties are incurred by Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Employee shall be entitled to receive an additional payment (a "Parachute Gross-Up Payment") in an amount such that after payment by Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Parachute Gross-Up Payment, Employee retains an amount of the Parachute Gross-Up Payment equal to the Excise Tax imposed upon the Change in Control Payments.

(c) Subject to the provisions of Section 5.4(e) hereof, all determinations required to be made under this Section 5.4, including whether and when a Gross-Up Payment or a Parachute Gross-Up Payment is required and the amount of such Gross-Up Payment or Parachute Gross-Up Payment, whichever shall apply, and the assumptions to be used in arriving at such determination, shall be made by an independent auditor (the "Auditor") jointly selected by Employee and Employer and paid by Employer. If Employee and Employer cannot agree on the firm to serve as the Auditor, then they shall each select an accounting firm and those two firms shall jointly select the accounting firm to serve as the Auditor. Unless Employee agrees otherwise in writing, the Auditor shall be a nationally recognized United States public accounting firm that has not during the two years preceding the date of its selection, acted in any way on behalf of Employer. Employee and Employer shall cooperate with each other in connection with any proceeding or claim relating to the existence or amount of any liability for Excise Tax. All expenses relating to any such proceeding or claim (including attorneys' fees and other expenses incurred by Employee in connection therewith) shall be paid by Employer promptly upon demand by Employee, and any such payment shall be subject to a Parachute Gross-Up Payment under Section 5.4(b) in the event that Employee is subject to Excise Tax on it or a Gross-Up Payment in the event that Employee is subject to an Additional Section 5.3 Income Tax on it.

(d) The Auditor shall provide detailed supporting calculations both to the Employer and Employee within 15 business days of the receipt of notice from Employee that there has been a Change in Control Payment or the Travel, Hotel and Meal Payment is being treated as taxable income to Employee. All fees and expenses of the Accounting Firm shall be borne solely by the Employer. Any Gross-Up Payment or Parachute Gross-Up Payment, as determined pursuant to this Section 5.4, shall be paid by the Employer to Employee on the first to occur of (i) five business days prior to the time the Excise Tax or the Additional Section 5.3 Income Tax, as applicable, is payable and (ii) within five days of the receipt of the Auditor's determination. Any determination by the Auditor shall be binding upon the Employer and Employee. As a result of the uncertainty in the application of Sections 61 or 4999 of the Code at the time of the initial determination by the Auditor hereunder, it is possible that Gross-Up Payments or Parachute Gross-Up Payments which will not have been made by the Employer should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Employer exhausts its remedies pursuant to Section 5.4(e) and Employee thereafter is required to make a payment of any Additional Section 5.3 Income Tax or any Excise Tax, the Auditor shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Employer to or for the benefit of Employee.

(e) Employee shall notify the Employer in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Employer of the Gross-Up Payment or the Parachute Gross-Up Payment. Such notification shall be given as soon as practicable but no later than thirty days after Employee is informed in writing of such claim and shall apprise the Employer of the nature of such claim and the date on which such claim is requested to be paid. Employee shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Employer (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Employer notifies Employee in writing prior to the expiration of such period that it desires to contest such claim, Employee shall:

(i) give the Employer any information reasonably requested by the Employer relating to such claim,

(ii) take such action in connection with contesting such claim as the Employer shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Employer,

(iii) cooperate with the Employer in good faith in order effectively to contest such claim, and

(iv) permit the Employer to participate in any proceedings relating to such claim;

provided, however, that the Employer shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Employee harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions to this Section 5.4(e), the Employer shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim.

6.5. Vacation. Employee shall continue to accrue vacation days without loss of compensation in accordance with Employer's usual policies applicable to all employees at a rate of four weeks' vacation time for each 12-month period during the Term.

6.6. Employee Benefits. Employee shall be eligible to participate in any employee benefits made available generally by Employer to all of its employees under its group plans and employment policies in effect during the Term. Schedule 2 hereto sets forth a summary of such plans and policies as currently in effect. Employee acknowledges and agrees that, any such plans or policies now or hereafter in effect may be modified or terminated by Employer at any time in its discretion.

6.7. Payroll Taxes. Employer shall have the right to deduct from the compensation and benefits due to Employee hereunder any and all sums required for social security and withholding taxes and for any other federal, state, or local tax or charge which may be in effect or hereafter enacted or required as a charge on the compensation or benefits of Employee.

6.8. Equity Awards. Employee shall also be eligible for grants of stock options, restricted stock and other equity awards based on Employer stock in accordance with Employer's practices and policies with respect to its senior executives.

7. Termination. This Agreement may be terminated as set forth in this Section 6.

7.1. Termination by Employer for Cause. Employer may terminate Employee's employment hereunder for "Cause" upon notice to Employee. "Cause" for this purpose shall mean any of the following:

(a) Employee's breach of any material term of this Agreement; provided that the first occasion of any particular breach shall not constitute such Cause unless Employee shall have previously received written notice from Employer stating the nature of such breach and evidence of such breach, and affording Employee at least 30 calendar days to correct such breach;

(b) Employee's conviction of, or plea of guilty or nolo contendere to, any misdemeanor, felony or other crime of moral turpitude;

(c) Employee's conviction of fraud injurious to Employer or its reputation; or

(d) Employee's continual failure or refusal (other than due to his death or "Disability" as defined in Section 6.3) to perform his material duties as required under Schedule 1 to this Agreement after written notice from Employer stating the nature of such failure or refusal and affording Employee at least 30 calendar days to correct the same.

Upon termination of Employee's employment by Employer for Cause, all compensation and benefits to Employee hereunder shall cease and Employee shall be entitled only to payment in a lump sum, not later than three days after the date of termination, equal to the sum of (1) of any accrued but unpaid salary and unused vacation as provided in Sections 5.1 and 5.5 as of the date of such termination, (2) any unpaid bonus that may have been earned or awarded Employee as provided in Section 5.2 prior to such date (3) the minimum bonus under section 5.2 for the annual period in which such termination occurs, prorated through the date of such termination, and (4) such benefits, if any, to which Employee or his dependents or beneficiaries may then be entitled as a participant under the employee benefit plans referred to in Section 5.6. In the event of the termination of Employee's employment for Cause, Employee's stock options and any other equity awards based on Employer's securities, such as restricted stock, restricted stock units, stock appreciation rights, performance units, etc. shall, to the extent then vested and exercisable, remain vested and exercisable in accordance with their terms. In addition, Employee shall be entitled to retain and have full ownership of all electronic devices released to Employee (including, without limitation, a computer, telephone and tablet); provided that all Employer confidential information shall be deleted from such devices before providing them to Employee.

7.2. Termination by Employer without Cause. Employer may also terminate Employee's employment without Cause upon not less than ten days written notice to Employee. Upon the effective date of the termination of Employee's employment by Employer without Cause under this Section 6.2, all compensation and benefits to Employee hereunder shall cease and Employee shall be entitled to (a) a lump sum cash payment on the effective date of Employee's termination of employment of (1) any accrued but unpaid salary and unused vacation as of the date of such termination as required by California law, which shall be due and payable upon the effective date of such termination, (2) any accrued but unpaid bonus due under Section 5.2 for any annual period ended prior to the date of such termination, (3) the minimum bonus described in Section 5.2 applied to the base salary as if paid through the end of the Term, (4) such benefits, if any, to which Employee or his dependents or beneficiaries may then be entitled as a participant under the employee benefit plans referred to in Section 5.6, (b) as of the effective date of Employee's termination, full (100%) and immediate vesting of all of Employee's stock options and any other equity awards based on Employer securities, such as restricted stock units, stock appreciation rights, performance units, etc., and all stock options and other equity awards shall remain exercisable for their full term, (c) payment of any Tax Gross-Up or Parachute Tax Gross-Up payment as described in Section 5.4, (d) an amount, which shall be due and payable within ten days following the effective date of such termination, equal to the sum of (1) Employee's salary as provided in Section 5.1 and (2) the minimum bonus under Section 5.2 that would otherwise be payable for the period (the "Severance Period") commencing on the date of termination of Employee's employment and ending on the first anniversary of such termination date, provided that if the date of termination occurs following a Change of Control (as hereinafter defined), then the salary and bonus payments described in clauses (1) and (2) of this clause 6.2(d) shall instead be calculated using a 24-month "Severance Period" that commences on the date of termination and ends on the second anniversary of such termination date. In addition, Employer shall (a) permit Employee to retain and have full ownership of all electronic devices provided to Employee (including, without limitation, a computer, telephone and tablet); provided that all Employer confidential information shall be deleted from such devices before releasing them to Employee, and (b) provide Employee and his dependents with continued participation, at Employer's cost and expense, for a period of 12 months following such termination, in any Employer-sponsored group benefit plans in which Employee was participating as of the date of termination. The payments and benefits of this Section 6.2 are conditioned on Employee's execution and delivery to Employer of the Separation Agreement and General Release in the form attached hereto as Exhibit A.

7.3. Death or Disability. In the event of Employee's death or "Disability" (as defined below) during the Term, the Employee's employment shall automatically cease and terminate as of the date of Employee's death or the effective date of Employer's written notice to Employee of its decision to terminate his employment by reason of his Disability, as the case may be, and Employee or his heirs or personal representative shall be entitled to the same payments and benefits, at the same times, as described in Section 6.2 for a termination of employment by Employer without Cause. Likewise, as of the effective date of Employee's death or termination due to Disability, full (100%) and immediate vesting of all of Employee's stock options and any other equity awards based on Employer securities, such as restricted stock units, stock appreciation rights, performance units, etc., held by Employee at the time of his death or Disability and all stock options and other equity awards shall remain exercisable thereafter for their full term. In addition, Employee or his heirs or personal representative shall be entitled to retain and have full ownership of all electronic devices provided to Employee (including, without limitation, a computer, telephone and tablet) ); provided that all Employer confidential information shall be deleted from such devices before releasing them to such heirs or personal representatives. Notwithstanding the foregoing or any provision of Section 6.2, Employer's obligation to pay Employee the salary and bonus called for in Section 6.2 for the Severance Period following termination of his employment by reason of his Disability shall be subject to offset and shall be reduced by any and all amounts paid to Employee under any disability insurance policy paid or provided for by Employer as provided in Section 5.6 or otherwise. Employee's "Disability" shall have the meaning ascribed to such term in any policy of disability insurance maintained by Employer (or by Employee, as the case may be) with respect to Employee or, if no such policy is then in effect, shall mean Employee's inability to fully perform his duties hereunder for any period of at least 75 consecutive days or for a total of 90 days, whether or not consecutive.

7.4. Termination by Employee for Good Reason. Employee may terminate his employment hereunder for "Good Reason," which shall mean any material breach by Employer of the terms hereof that is not corrected by Employer within five days after written notice by Employee to Employer, including, without limitation, (i) the assignment to Employee of any duties inconsistent in any respect with his position as Chief Medical Officer and Executive Vice President (including status, offices, titles, reporting requirements, authority, duties or responsibilities); (ii) any failure by Employer to comply with its compensation obligations under this Agreement; (iii) Employer's requiring Employee to relocate from San Francisco or report to any office or location more than ten miles of the current location of the Company's headquarters; or (iv) the failure of any purchaser of substantially all the assets of the Employer to assume or renew this Agreement. If Employee terminates his employment for Good Reason, subject to Employer's right to cure as set forth above, the termination shall take effect on the effective date (determined under Section 15) of the written notice to Employer, and Employee shall be entitled to the same payments and benefits, at the same times, described in Section 6.2 for a termination by Employer without Cause. Likewise, as of the effective date of Employee's termination for Good Reason, to the extent not otherwise vested, full (100%) and immediate vesting of all of Employee's stock options and any other equity awards based on Employer securities, such as restricted stock units, stock appreciation rights, performance units, etc., and all stock options and other equity awards shall remain exercisable thereafter for their full term. In addition, Employee shall be entitled to retain and have full ownership of all electronic devices provided to Employee (including, without limitation, a computer, telephone and tablet) ); provided that all Employer confidential information shall be deleted from such devices before releasing them to Employe.

7.5. Termination by Employee without Good Reason. Employee shall have the right to voluntarily terminate his employment hereunder at any time without Good Reason upon 30 days' written notice to Employer. A voluntary termination by Employee in accordance with this Section 6.5 shall not be deemed a breach of this Agreement. Upon any voluntary termination of employment by Employee without Good Reason pursuant to this Section 6.5, Employee shall be entitled only to such payments and benefits as those described in Section 6.1 for a termination by Employer for Cause. In addition, Employee shall be entitled to retain and have full ownership of all electronic devices provided to Employee (including, without limitation, a computer, telephone and tablet) ); provided that all Employer confidential information shall be deleted from such devices before releasing them to Employee.

7.6. Termination in Connection with a Change in Control. For purposes of this Section 6.6, a "Change in Control" shall have the meaning ascribed to such term in Employer's 2000 Long-Term Incentive Plan and shall also have the meaning ascribed to the term "Corporate Transaction" in Employer's 2008 Stock Incentive Plan, as each such Plan may be amended from time to time. If a Change in Control occurs during the Term, and if, within two years after the date on which the Change in Control occurs, Employee's employment is terminated by Employer without Cause or by Employee for Good Reason, then Employee will be entitled to the payments and benefits described in the proviso found in the third from the last sentence of Section 6.2 above, at the same times, described in Section 6.2 for a termination by Employer without Cause.

7.7. No Mitigation; No Offset. Employee shall have no obligation to seek other employment or to otherwise mitigate Employer's obligations to him arising from the termination of his employment, and no amounts paid or payable to Employee by Employer under this Agreement shall be subject to offset for any remuneration to which Employee may become entitled from any other source after his employment with Employer terminates, whether attributable to subsequent employment, self-employment or otherwise.

8. Confidentiality. While this Agreement is in effect and for a period of five years thereafter, and except as otherwise required by law or legal process and after reasonable notice to Employer and opportunity for Employer to intervene, Employee shall hold and keep secret and confidential all “trade secrets” (within the meaning of applicable law) and other confidential or proprietary information of Employer and shall use such information only in the course of performing Employee’s duties hereunder; provided, however, that with respect to trade secrets, Employee shall hold and keep secret and confidential such trade secrets for so long as they remain trade secrets under applicable law. Employee shall maintain in trust all such trade secrets or other confidential or proprietary information, as Employer’s property, including, but not limited to, all documents concerning Employer’s business, including Employee’s work papers, telephone directories, customer information and notes, and any and all copies thereof in Employee’s possession or under Employee’s control. Upon the expiration or earlier termination of Employee’s employment with Employer, or upon request by Employer, Employee shall deliver to Employer all such documents belonging to Employer, including any and all copies in Employee’s possession or under Employee’s control.

9. Equitable Remedies; Injunctive Relief. Employee hereby acknowledges and agrees that monetary damages are inadequate to fully compensate Employer for the damages that would result from a breach or threatened breach of Section 7 of this Agreement and, accordingly, that Employer shall be entitled to equitable remedies, including, without limitation, specific performance, temporary restraining orders, and preliminary injunctions and permanent injunctions, to enforce such Section without the necessity of proving actual damages in connection therewith. This provision shall not, however, diminish Employer’s right to claim and recover damages or enforce any other of its legal or equitable rights or defenses.

10. Indemnification; Insurance. Employer and Employee acknowledge that, as the Executive Vice President and Chief Medical Officer of the Employer, Employee shall be a corporate officer of Employer and, as such, Employee shall be entitled to indemnification to the fullest extent of the law as set forth in the Indemnification Agreement dated December 9, 2013 between the parties.

11. Severable Provisions. The provisions of this Agreement are severable and if any one or more provisions is determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

12. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon Employer, its successors and assigns and Employee and his heirs and representatives; provided, however, that neither party may assign this Agreement without the prior written consent of the other party.

13. Entire Agreement. Except for the Indemnification Agreement dated December 9, 2013 this Agreement contains the entire agreement of the parties relating to the subject matter hereof, and the parties hereto have made no agreements, representations or warranties relating to the subject matter of this Agreement that are not set forth otherwise herein. This Agreement supersedes any and all prior agreements, written or oral, between Employee and Employer relating to the subject matter hereof. Any such prior agreements are hereby terminated and of no further effect, and Employee, by the execution hereof, agrees that any compensation provided for under any such agreements is specifically superseded and replaced by the provisions of this Agreement.

14. Amendment. No modification of this Agreement shall be valid unless made in writing and signed by the parties hereto and unless such writing is made by an executive officer of Employer (other than Employee). The parties hereto agree that in no event shall an oral modification of this Agreement be enforceable or valid.

15. Governing Law. This Agreement is and shall be governed and construed in accordance with the laws of the State of California without giving effect to California’s choice-of-law rules.

16. Notice. All notices and other communications under this Agreement shall be in writing and mailed or delivered by hand or by a nationally recognized courier service guaranteeing overnight delivery to a party at the following address (or to such other address as such party may have specified by notice given to the other party pursuant to this provision):

If to Employer:

CytRx Corporation
11726 San Vicente Boulevard, Suite 650
Los Angeles, California 90049
Attention: Chief Executive Officer

If to Employee:
________________
________________
________________

17. Survival. Sections 4, 5.2, 5.3, 5.4, 6 through 16, 18 and 20 shall survive the expiration or termination of this Agreement.

18. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement. A counterpart executed and transmitted by facsimile shall have the same force and effect as an originally executed counterpart.

19. Attorney’s Fees. In any action or proceeding to construe or enforce any provision of this Agreement the prevailing party shall be entitled to recover its or his reasonable attorneys’ fees and other costs of suit (up to a maximum of $15,000) in addition to any other recoveries.

20. No Interpretation of Ambiguities Against Drafting Party. This Agreement has been negotiated at arm's length between persons knowledgeable in the matters dealt with herein. Accordingly, the parties agree that any rule of law, including, but not limited to, California Civil Code Section 1654 or any other statutes, legal decisions, or common law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it, is of no application and is hereby expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intentions of the parties hereto.

21. Section 409A of the Code. This Agreement is intended to comply with the applicable requirements of Section 409A of the Code and the regulations promulgated thereunder (“Section 409A”), and shall be administered in accordance with Section 409A to the extent Section 409A of the Code

applies to the Agreement. Notwithstanding anything in the Agreement to the contrary, distributions pursuant to the Agreement that are subject to Section 409A may only be made in a manner, and upon an event, permitted by Section 409A.

The provisions of this Agreement shall be construed and interpreted to avoid the imposition of any additional tax, penalty or interest under Section 409A while preserving, to the extent possible, the intended benefits hereunder payable to Employee. Employer and Employee agree that any payment made pursuant to this Agreement due to Employee's "separation from service" as defined in Section 409A shall be delayed in accordance with Section 409A(a)(2)(B)(i) of the Code (six month delay) if and to the extent required to avoid the imposition of any tax, penalty or interest under Section 409A. Any such delayed payments will be paid in a lump sum on the earliest date on which the Company may provide such payment to Employee without Employee's incurring any additional tax or interest pursuant to Section 409A. Further, any additional cost to Employee by reason of such postponement period, including, for example, Employee's payment of the cost of health benefits during the postponement period, shall be reimbursed by the Company to Employee after such period has ended. If Employee dies during the postponement period prior to the payment of benefits, the amounts withheld on account of Section 409A shall be paid to Employee's beneficiary, or if none, to the personal representative of Employee's estate within 30 days after the date of Employee's death.

IN WITNESS WHEREOF, this Agreement is executed as of the day and year first above written.

"EMPLOYER"

CytRx Corporation

By: /s/ STEVEN A. KRIEGSMAN
Steven A. Kriegsman
President & Chief Executive Officer

"EMPLOYEE"

/s/ DANIEL LEVITT, M.D., Ph.D.
Daniel Levitt, M.D., Ph.D.

**Exhibit 10.31**

SECOND AMENDMENT TO FOURTH AMENDED
AND RESTATED EMPLOYMENT AGREEMENT

This Second Amendment (this "Amendment") is entered into as of January 1, 2015, between CytRx Corporation, a Delaware corporation ("Employer"), and Steven A. Kriegsman ("Employee") in order to amend as follows that certain Fourth Amended and Restated Employment Agreement, effective as of May 10, 2012, as previously amended by the First Amendment thereto dated as of March 4, 2014 (as so amended, the "Employment Agreement"), between Employer and Employee:

1. Change in Control. Section 7.5 of the Employment Agreement is hereby amended by removing therefrom the first and second sentences and substituting the following:

> "For purposes of this Section 7.5, a "Change in Control" shall mean any of a "change in ownership," "change in effective control" and "change in ownership of a substantial portion of the assets" of Employer within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") (or any successor to such Section). Notwithstanding the provisions of Section 7.2, Section 7.3 or any other provision of this Agreement, if a Change in Control occurs during the Term, and if, during the Term and within two years after the date on which the Change in Control occurs, Employee's employment is terminated by Employer without Cause or by Employee for Good Reason, then Employee will be entitled to the payments and benefits, at the same times, described in Section 7.2 for a termination by Employer without Cause, except that (i) Employee shall be entitled to continued participation, for a period of 36-months that commences on the date of termination, of Employee and each of his dependents in any Employer-sponsored health plan at the benefit level in effect from time to time and with COBRA benefits commencing thereafter, and (ii) the salary and bonus payments described in the last sentence of Section 7.2 shall instead be calculated using a 36-month "Severance Period" that commences on the date of termination and ends on the third anniversary of such termination date.
>
> If Employer's obligation to make the payments and provide the benefits described in this Section 7.5 is triggered, Employee will not be entitled to the payments or benefits described in Section 7.2 or Section 7.3, as applicable, that would otherwise be payable upon such termination of Employee's employment. For clarity, during the Term and after two years after a Change in Control, the provisions of Section 7.2 and Section 7.3 shall once more apply."

2. No Other Changes to the Employment Agreement. Except as expressly amended by this Amendment, all of the terms of the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first set forth above.

| EMPLOYER: | EMPLOYEE: |
|---|---|
| CytRx Corporation | |
| By: /s/ JOHN Y. CALOZ | |
| Name: John Y. Caloz | /s/ STEVEN A. KRIEGSMAN |
| Title: Chief Financial Officer | Steven A. Kriegsman |

**EXHIBIT 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

CytRx Corporation
Los Angeles, California

We hereby consent to the incorporation by reference in the Registration Statements on Form S3 (Nos. 333-100947, 333-109708, 333-106629, 333-109708, 333-133269, 333-142591, 333-147605, 333-170437, 333-185308, 333-192597, 333-193064 and 333-193673) and Form S8 (Nos. 333-84657, 333-68200, 333-91068, 333-93305, 333-123339 and 333-163212) of CytRx Corporation of our reports dated March 10, 2015, relating to the financial statements and schedule, and the effectiveness of CytRx Corporation's internal control over financial reporting, which appears in this Form 10-K.

/s/ BDO USA, LLP

Los Angeles, California
March 10, 2015

**Exhibit 31.1**

**CERTIFICATIONS**

I, Steven A. Kriegsman, Chief Executive Officer of CytRx Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of CytRx Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within the entity, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2015

By: /s/ STEVEN A. KRIEGSMAN
Steven A. Kriegsman
Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATIONS**

I, John Y. Caloz, Chief Financial Officer of CytRx Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of CytRx Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within the entity, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Company Name**

Date: March 10, 2015

By: /s/ JOHN Y. CALOZ

John Y. Caloz
Chief Financial Officer

**Exhibit 32.1**

**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of CytRx Corporation (the "Company") hereby certifies that:

(i) the accompanying Annual Report on Form 10-K of the Company for the year ended December 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 10, 2015

By: /s/ STEVEN A. KRIEGSMAN
Steven A. Kriegsman
Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 (Section 906), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to CytRx Corporation and will be retained by CytRx Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an Exhibit to the Form 10-K and shall not be considered filed as part of the Form 10-K.

**Exhibit 32.2**

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of CytRx Corporation (the "Company") hereby certifies that:

(i) the accompanying Annual Report on Form 10-K of the Company for the year ended December 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**Company Name**

Date: March 10, 2015

By: /s/ JOHN Y. CALOZ
John Y. Caloz
Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 (Section 906), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to CytRx Corporation and will be retained by CytRx Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an Exhibit to the Form 10-K and shall not be considered filed as part of the Form 10-K.