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

Form 10-Q

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE 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	**58-1642740**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11726 San Vicente Blvd., Suite 650 **Los Angeles, CA** (Address of principal executive offices)	**90049** (Zip Code)

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

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 (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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

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 [ ] Non-accelerated filer [X] Smaller reporting company [X]
Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Number of shares of CytRx Corporation common stock, $0.001 par value, outstanding as of May 14, 2019: 33,637,501 shares.

CYTRX CORPORATION

FORM 10-Q

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PART I — FINANCIAL INFORMATION

Item 1. — Consolidated Financial Statements

CYTRX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,015,779	$ 21,373,273
Short-term investments	11,036,102	—
Receivables	158,280	148,527
Prepaid expenses and other current assets	845,950	913,162
Current assets held for sale (Note 5)	402,045	81,182
Total current assets	21,458,156	22,516,144
Equipment and furnishings, net	33,450	44,326
Other assets	15,179	40,642
Non-current assets held for sale	—	324,853
Total assets	$ 21,506,785	$ 22,925,965
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,308,810	$ 1,234,762
Accrued expenses and other current liabilities	942,025	726,191
Current liabilities for sale (Note 5)	109,137	602,713
Total liabilities	2,359,972	2,563,666
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, $0.01 par value, 833,334 shares authorized, including 4,167 shares of Series A Junior Participating Preferred Stock; no shares issued and outstanding	—	—
Preferred Stock, $1,000 stated value, 650 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.001 par value, 41,666,667 shares authorized; 33,637,501 shares issued and outstanding at March 31, 2019 and December 31, 2018	33,637	33,637
Additional paid-in capital	477,403,249	477,192,747
Accumulated deficit	(458,290,073)	(456,864,085)
Total stockholders' equity	19,146,813	20,362,299
Total liabilities and stockholders' equity	$ 21,506,785	$ 22,925,965

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

CYTRX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Revenue:		
License revenue	$ —	$ —
Expenses:		
Research and development	5,834	656,266
General and administrative	1,731,718	2,463,559
	1,737,552	3,119,825
Loss before other income (expense)	(1,737,552)	(3,119,825)
Other:		
Interest income	88,310	82,934
Interest expense	—	(692,787)
Other (expense) income, net	(17,290)	562
Gain on warrant derivative liabilities	—	453,412
Net loss from continuing operations	$ (1,666,532)	$ (3,275,704)
Gain (loss) from discontinued operations (Note 5)	240,544	(799,870)
Net loss	$ (1,425,988)	$ (4,075,574)
Basic and diluted loss per share		
Continuing operations	$ (0.05)	$ (0.12)
Discontinued operations	$ 0.01	$ (0.03)
Total basic and diluted loss per share	$ (0.04)	$ (0.15)
Basic and diluted weighted-average shares outstanding	33,249,904	27,391,506

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

CYTRX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Cash flows from operating activities:		
Net loss from continuing operations	$ (1,666,532)	$ (3,275,704)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Depreciation and amortization	5,444	8,001
Loss on retirement of fixed assets	5,433	—
Fair value adjustment on warrant liabilities	—	(453,412)
Amortization of loan cost and discount	—	448,125
Stock-based compensation expense	213,174	450,339
Changes in assets and liabilities:		
Receivable	(9,753)	1,203,259
Prepaid expenses and other current assets	67,212	1,387,495
Other assets	25,463	—
Accounts payable	74,048	(813,391)
Accrued expenses and other current liabilities	215,834	164,712
Net cash used in operating activities from continuing operations	(1,069,677)	(880,576)
Net cash used in operating activities from discontinued operations	(523,642)	(669,748)
Net cash used in operating activities	(1,593,319)	(1,550,324)
Cash flows from investing activities:		
Purchase of short-term investments	(11,036,102)	—
Sale of fixed assets held for sale	271,927	—
Net cash used in investing activities	(10,764,175)	—
Cash flows from financing activities:		
Term loan principal repayment	—	(1,040,771)
Net cash used in financing activities	—	(1,040,771)
Net decrease in cash and cash equivalents	(12,357,494)	(2,591,095)
Cash and cash equivalents at beginning of year	21,373,273	37,497,691
Cash and cash equivalents at end of year	$ 9,015,779	$ 34,906,596
Supplemental disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ —	$ 252,552

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

CYTRX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
(Unaudited)

	Series B Preferred Shares Issued	Common Shares Issued	Preferred Stock Amount	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at January 1, 2018	—	28,037,501		$ 28,037	$ 468,969,445	$ (450,852,427)	$ 18,145,055
Cumulative affect of adopting ASC 606 Adoption	—	—	—	—	—	6,701,950	6,701,950
Issuance of stock options/warrants for compensation and services	—	—	—	—	481,311	—	481,311
Net loss						(4,075,574)	(4,075,574)
Balance at March 31, 2018	—	28,037,501		$ 28,037	$ 469,450,756	$ (448,226,051)	$ 21,252,742
Balance at January 1, 2019	—	33,637,501		$ 33,637	$ 477,192,747	$ (456,864,085)	$ 20,362,299
Issuance of stock options/warrants for compensation and services	—	—	—	—	210,502	—	210,502
Net loss						(1,425,988)	(1,425,988)
Balance at March 31, 2019	—	33,637,501		$ 33,637	$ 477,403,249	$ (458,290,073)	$ 19,146,813

NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2019
(Unaudited)

1. Description of Company and Basis of Presentation

CytRx Corporation ("CytRx") is a biopharmaceutical research and development company specializing in oncology. The Company's focus has been on the discovery, research and clinical development of novel anti-cancer drug candidates that employ novel linker technologies to enhance the accumulation and release of cytotoxic anti-cancer agents at the tumor. During 2017, CytRx's discovery laboratory, located in Freiburg, Germany, synthesized and tested over 75 rationally designed drug conjugates with highly potent payloads, culminating in the creation of two distinct classes of compounds. Four lead candidates (LADR-7 through LADR-10) were selected based on *in vitro* and animal preclinical studies, stability, and manufacturing feasibility. In 2018, additional animal efficacy and toxicology testing of these lead candidates was conducted. In addition, a novel albumin companion diagnostic, ACDx™, was developed to identify patients with cancer who are most likely to benefit from treatment with these drug candidates.

On June 1, 2018, CytRx launched Centurion BioPharma Corporation ("Centurion"), a private wholly owned subsidiary, and transferred all of its assets, liabilities and personnel associated with the laboratory operations in Freiburg, Germany. In connection with said transfer, the Company and Centurion entered into a Management Services Agreement whereby the Company agreed to render advisory, consulting, financial and administrative services to Centurion, for which Centurion shall reimburse the Company for the cost of such services plus a 5% service charge. The Management Services Agreement may be terminated by either party at any time. Centurion is focused on the development of personalized medicine for solid tumor treatment. On December 21, 2018, CytRx announced that Centurion had concluded the pre-clinical phase of development for its four LADR drug candidates, and for its albumin companion diagnostic (ACDx™). As a result of completing this work, operations taking place at the pre-clinical laboratory in Freiburg, Germany would no longer be needed and, accordingly, the lab was closed at the end of January 2019.

LADR Drug Discovery Platform and Centurion

Centurion's LADR™ (Linker Activated Drug Release) technology platform is a discovery engine combining our expertise in linker chemistry and albumin biology to create a pipeline of anti-cancer molecules that will avoid unacceptable systemic toxicity while delivering highly potent agents directly to the tumor. Centurion has created a "toolbox" of linker technologies that are designed to significantly increase the therapeutic index of ultra-high potency drugs (10-1,000 times more potent than traditional chemotherapies) by controlling the release of the drug payloads and improving drug-like properties.

Centurion's efforts were focused on two classes of ultra-high potency albumin-binding drug conjugates. These drug conjugates combine the proprietary LADR™ linkers with novel derivatives of the auristatin and maytansinoid drug classes. These payloads historically have required a targeting antibody for successful administration to humans. These drug conjugates eliminate the need for a targeting antibody and provide a small molecule therapeutic option with potential broader applicability.

Centurion's postulated mechanism of action for the albumin-binding drug conjugates is as follows:

after administration, the linker portion of the drug conjugate forms a rapid and specific covalent bond to the cysteine-34 position of circulating albumin;

circulating albumin preferentially accumulates at the tumors, bypassing concentration in other non-tumor sites, including the heart, liver and gastrointestinal tract due to a mechanism called "Enhanced Permeability and Retention";

once localized at the tumor, the acid-sensitive linker is cleaved due to the specific conditions within the tumor and in the tumor microenvironment; and

free active drug is then released.

Centurion's novel companion diagnostic, ACDx™ (albumin companion diagnostic), was developed to identify patients with cancer who are most likely to benefit from treatment with the four LADR lead assets.

CytRx and Centurion have been working on identifying partnership opportunities for LADR™ ultra-high potency drug conjugates and its albumin companion diagnostic. They have concluded all research and development on LADR and its companion diagnostic and are now focused solely on identifying partnership opportunities.

Aldoxorubicin

Until July 2017, the Company was focused on the research and clinical development of aldoxorubicin, their modified version of the widely-used chemotherapeutic agent, doxorubicin. 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 several of the major dose-limiting toxicities seen with administration of doxorubicin alone.

On July 27, 2017, the Company entered into an exclusive worldwide license with NantCell, Inc. ("NantCell"), granting to NantCell the exclusive rights to develop, manufacture and commercialize aldoxorubicin in all indications, and our company is no longer directly working on development of aldoxorubicin. As part of the license, NantCell made a strategic investment of $13 million in CytRx common stock at $6.60 per share (adjusted to reflect our 2017 reverse stock split), a premium of 92% to the market price on that date. The Company also issued NantCell a warrant to purchase up to 500,000 shares of common stock at $6.60, which expired on January 26, 2019. The Company is entitled to receive up to an aggregate of $343 million in potential milestone payments, contingent upon achievement of certain regulatory approvals and commercial milestones. The Company is also entitled to receive ascending double-digit royalties for net sales for soft tissue sarcomas and mid to high single digit royalties for other indications.

Molecular Chaperone Assets

In 2011, CytRx sold the rights to arimoclomol and iroxanadine, based on molecular chaperone regulation technology, to Orphazyme A/S (formerly Orphazyme ApS) in exchange for a one-time, upfront payment and the right to receive up to a total of $120 million (USD) in milestone payments upon the achievement of certain pre-specified regulatory and business milestones, as well as royalty payments based on a specified percentage of any net sales of products derived from arimoclomol. Orphazyme is testing arimoclomol in three additional indications beyond ALS, including Niemann-Pick disease Type C (NPC), Gaucher disease and sporadic Inclusion Body Myositis (sIBM). CytRx received a milestone payment of $250,000 in September 2018. Orphazyme has highlighted positive Phase2/3 clinical trial data in patients with NPC and in February 2019 announced they will initiate filing preparations and seek to meet with the U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) mid-2019 to discuss the path to approval. They communicated they plan to submit the regulatory filing to the FDA and EMA during the first half of 2020, with potential approval expected during the second half of 2020. In such event, CytRx will be entitled to a milestone payment of $4 million upon EMA approval and $6 million upon FDA approval, along with royalties and potential additional milestones.

Current Business Strategy

Currently, the Company is working on identifying partnership opportunities for LADR™ ultra-high potency drug conjugates and their albumin companion diagnostic. We have concluded all research and development on LADR and its companion diagnostic and are now focused solely on identifying these partnership opportunities In addition, the Company is investigating new opportunities and lines of business. For this reason and others, including the closure of the lab, its operating expenses are expected to be significantly lower in the near future. Therefore, period to period comparisons should not be relied upon as predictive of the results in future periods.

The accompanying condensed consolidated financial statements at March 31, 2019 and for the three-month periods ended March 31, 2019 and 2018, respectively, are unaudited, but include all adjustments, consisting of normal recurring entries, that management believes to be necessary for a fair presentation of the periods presented. Interim results are not necessarily indicative of results for a full year. Balance sheet amounts as of December 31, 2018 have been derived from our audited financial statements as of that date.

The consolidated financial statements included herein have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The consolidated financial statements should be read in conjunction with our audited financial statements contained in its Annual Report on Form 10-K for the year ended December 31, 2018. The Company's operating results will fluctuate for the foreseeable future. Therefore, prior period results should not be relied upon as predictive of the results in future periods.

2. Foreign Currency Remeasurement

The U.S. dollar has been determined to be the functional currency for the net assets of our German laboratory facility. 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). We recognized a loss of approximately ($2,142) and ($330) respectively, for the three-month periods ended March 31, 2019 and 2018.

3. Recently Adopted Accounting Pronouncement

On January 1, 2019, CytRx adopted Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)," which requires the recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated balance sheet. This ASU retains a distinction between finance leases and operating leases, and the classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the current accounting literature. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount , timing, and uncertainty of cash flows arising from leases. We elected the available practical expedients on adoption. Adoption of the new standard resulted in total lease liabilities of $310,000 and ROU assets of $290,000 as of January 1, 2019. At March 31, 2019, the total lease liabilities were $245,000 and the ROU assets were $229,000.

On January 1, 2018 CytRx adopted ASU 2014-09, *Revenue from Contracts with Customers* ("ASC 606") using the modified retrospective method for contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under the new standard, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The cumulative effect of initially applying ASC 606 was an adjustment to decrease the opening balance of Accumulated Deficit by $6.7 million as of January 1, 2018.

The guidance provides for a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Under the new standard the NantCell Licensing Agreement, which was determined to be a functional license agreement, as the underlying intellectual property had standalone functionality, was recognizable in 2017 when NantCell obtained the right to use the intellectual property. The subsequent Reimbursement Agreement was determined to be a contract modification that introduced variable contra revenue for the Company's reimbursement obligations. In accordance with ASC 606, management estimated its obligations under the Reimbursement Agreement to be $3.2 million which is recognized as a contract liability at the time of revenue recognition. These costs were previously recognized as research and development expense in 2017 in accordance with prior accounting standards.This contract liability was reduced to $50,000 and $9,000, respectively, as of December 31, 2018 and March 31, 2019, as a result of costs incurred under the Reimbursement Agreement and is included within accrued expenses and other current liabilities on the condensed balance sheet as of March 31, 2019. Under prior revenue recognition standards, no revenue was recognized in 2017 under the NantCell Licensing Agreement as a result of revenue recognition criteria not being met, resulting in a deferred revenue balance of $6.9 million as of December 31, 2017.

In February 2018, the FASB issued a new standard that would permit entities to make a one time reclassification from accumulated other comprehensive income (AOCI) to retained earnings for the stranded tax effects resulting from the newly enacted corporate tax rates under the Tax Cuts and Jobs Act (the "Act"), effective for the year ended December 31, 2017. The amount of the reclassification is calculated on the basis of the difference between the historical tax rate and newly enacted tax rate. The standard is effective for interim and annual periods beginning after December 15, 2018 with early adoption permitted. The adoption of this guidance did not have a material impact on our financial statements.

4. Short-term Investments

The Company held short-term investments $11.0 million at March 31, 2019, as compared to none at December 31, 2018. The investment is federally insured certifiate of deposit maturing in 6 months.

5. Discontinued Operations

On December 21, 2018, the Company announced that its pre-clinical lab operations had successfully completed its objectives – namely, it has developed four lead compounds, LADR 7, LADR-8, LADR-9 and LADR 10 along with a companion diagnostic (ACDx). Accordingly, the Company terminated the contracts of all its employees at this location.

The Company terminated its lease in Freiburg Germany on April 30, 2019 with no penalty. The Company sold its analytical equipment in March 2019 and accordingly has classified these assets as current assets held for sale and has written down these assets by $7,000. On April 30, 2019 the Company also sold its German office furniture and German leasehold improvements for $0.3 million. The net book value of the assets held for sale is $0.4 million at March 31, 2019 and $0.4 million at December 31, 2018. The value of the assets sold in April 2019 are greater than their net book value and so no write-down has been recorded in the period. The results of these discontinued operations are presented separately on the Company's Consolidated Statement of Operations.

	Period Ended	
	March 31, 2019	December 31, 2018
Current assets held for sale	$ 402,045	$ 81,182
Equipment and furnishings, net	$ —	$ 313,425
Deposit	—	11,401
Non-current assets held for sale	$ —	$ 324,853
Accounts payable	$ 7,813	$ 323,736
Accrued expenses and other current liabilities	101,325	278,977
Current liabilities for sale	$ 109,138	$ 602,713
Research and development	$ (171,127)	$ 2,869,037
Loss on impairment of equipment and furnishings	7,100	207,662
Employee stock option expense	(2,672)	95,485
Other income	(73,845)	2,519
Depreciation expense	—	459,506
Loss (gain) from discontinued operations	$ (240,544)	$ 3,634,209

6. Basic and Diluted Net Loss Per Common Share

Basic and diluted net loss per common share is computed based on the weighted-average number of common shares outstanding. Common share equivalents (which consist of options, warrants and restricted stock) are excluded from the computation of diluted net loss per common share where the effect would be anti-dilutive. Common share equivalents that could potentially dilute net loss per share in the future, and which were excluded from the computation of diluted loss per share, totaled 2.6 million shares for the three-month period ended March 31, 2019 as compared to 6.8 million shares for the three-month period ended March 31, 2018.

7. Warrant Liabilities

Liabilities measured at market value on a recurring basis include warrant liabilities resulting from our past equity financings. 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 market until they are completely settled. The warrants are valued using the Black-Scholes method, using assumptions consistent with our application of ASC 505-50, *Equity-Based Payments to Non-Employees* ("ASC 505-50"). The gain or loss resulting from the marked to market calculation is shown on the Condensed Statements of Operations as gain on warrant derivative liability. On July 20, 2018, 2,834,246 warrants classified as liabilities expired and consequently, no gain or loss was recorded in the current period ended March 31, 2019. We recognized a gain of $453,000 for the three-month period ended March 31, 2018. The following reflects the weighted-average assumptions for each of the three-month periods indicated:

	Three Months Ended March 31,	
	2019	2018
Risk-free interest rate	—	1.83%
Expected dividend yield	—	0%
Expected lives	—	0.30
Expected volatility	—	76.7%
Warrants classified as liabilities (in shares)	—	2,834,246
Gain on warrant liabilities	—	$ 453,412

Our computation of expected volatility is based on the historical daily volatility of its publicly traded stock. The dividend yield assumption of zero is based upon the fact that we have never paid cash dividends and presently has no intention to do so. The risk-free interest rate used for each warrant classified as a derivative is equal to the U.S. Treasury rates in effect at March 31 of each year presented. The expected lives are based on the remaining contractual lives of the related warrants at the valuation date.

8. Leases

The company determines whether an arrangement is, or contains, a lease at inception. Prior to 2019, the company generally accounted for operating lease payments by charging them to expense as incurred. Beginning in 2019, operating leases that have commenced are included in other assets, other accrued expenses and other long-term liabilities in the consolidated balance sheet. Classification of operating lease liabilities as either current or noncurrent is based on the expected timing of payments due under the company's obligations.

Because most of the company's leases do not provide an implicit rate, the company estimates incremental borrowing rates based on the information available at the commencement date in determining the present value of lease payments. The company uses the implicit rate when readily determinable. Lease terms may include the effect of options to extend or terminate the lease when it is reasonably certain that the company will exercise that option.

We lease office space related primarily to the administrative activities and at March 31, 2019, the remaining term of these leases are less than 12 months. See Note 3.

Leases with lease terms of twelve-months or less are expensed on a straight-line basis over the lease term and are not recorded in the Condensed Consolidated Balance Sheet.

In addition, we elected the hindsight practical expedient to determine the lease term for existing leases. In our application of hindsight, we evaluated the Freiburg lease and determined the term would be less than 12 months.

9. Stock Based Compensation

We have a 2000 Long-Term Incentive Plan, which expired on August 6, 2010. As of March 31, 2019, there were 14,018 shares subject to outstanding stock options under this plan. No further shares are available for future grant under this plan.

We also have a 2008 Stock Incentive Plan under which 5 million shares of common stock are reserved for issuance. As of March 31, 2019, there were approximately 2.4 million shares subject to outstanding stock options and approximately 0.8 million shares outstanding related to restricted stock grants issued from the 2008 Plan. This plan expired on November 20, 2018 and thus no further shares are available for future grant under this plan.

We follow ASC 718, *Compensation-Stock Compensation,* 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.

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, 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 following table sets forth the total stock-based compensation expense resulting from stock options, restricted stock and warrants included in our unaudited interim statements of operations:

	Three Months Ended March 31,	
	2019	2018
Research and development — employee	$ —	$ —
General and administrative — employee	213,174	428,989
Total employee stock-based compensation	$ 213,174	$ 428,989
Research and development — non-employee	$ —	$ —
General and administrative — non-employee	—	21,350
Total non-employee stock-based compensation	$	$ 21,350

No options were granted during the current three-month-period ended March 31, 2019 as compared to 1,667 stock options at an exercise price of $1.89 during the comparative March 31, 2018 period. The fair value of the stock options and warrants was estimated using the Black-Scholes option-pricing model, based on the following assumptions:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Risk-free interest rate	—	2.42%
Expected volatility	—	91.6%
Expected lives (years)	—	6
Expected dividend yield	—	0.0%

We compute expected volatility based on the historical daily volatility of our publicly traded stock. We use historical information to compute expected lives. In the three-month period ended March 31, 2018, the expected life of the options granted were six years and the contractual term was ten years. The dividend yield assumption of zero is based upon the fact we have never paid cash dividends and presently have no intention to do so. The risk-free interest rate used for each grant and issuance is equal to the U.S. Treasury rates in effect at the time of the grant and issuance for instruments with a similar expected life. On January 1, 2017, the Company adopted ASU 2016-09 and made a policy election to recognize forfeitures as they occur. No amounts relating to stock-based compensation have been capitalized.

As of March 31, 2019, there remained approximately $0.3 million of unrecognized compensation expense related to unvested stock options granted to current employees, which we expect will be recognized over a weighted-average period of 0.73 years. Presented below is our stock option activity:

	Three Months Ended March 31, 2019			
	Number of Options (Employees)	Number of Options (Non-Employees)	Total Number of Options	Weighted-Average Exercise Price
Outstanding at January 1, 2019	2,190,835	365,000	2,555,835	$ 10.69
Granted	—	—	—	—
Forfeited or expired	(146,950)	—	(146,950)	$ 10.03
Outstanding at March 31, 2019	2,043,885	365,000	2,408,885	$ 10.73
Exercisable at March 31, 2019	1,803,304	365,000	2,168,304	$ 11.69

The following table summarizes significant ranges of outstanding stock options under our plans at March 31, 2019:

Range of Exercise Prices	Number of Options	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price	Number of Options Exercisable	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price
$1.75 – $5.00	1,138,099	8.34	$ 2.13	897,518	8.32	$ 2.17
$5.01 – $11.00	165,834	3.70	$ 10.98	165,834	3.70	$ 10.98
$11.01 – $15.00	634,025	6.05	$ 13.91	634,025	6.05	$ 13.91
$15.01 – $98.28	470,927	4.44	$ 27.12	470,927	4.44	$ 27.12
	2,408,885	6.65	$ 10.73	2,168,304	6.46	$ 11.69

There was no aggregate intrinsic value to the outstanding options and options vested as of March 31, 2019.

At March 31, 2019 and December 31, 2018, there were warrants outstanding to purchase 193,196 and 693,196, respectively, at a weighted-average exercise price of $8.60 and $7.16, respectively, in each period.

Restricted Stock

No restricted stock was granted in 2018. In December 2017, the Company granted to Steven Kriegsman, Chief Executive Officer, 387,597 shares of restricted common stock, pursuant to the 2008 Plan. This restricted stock vests in equal annual instalments over three years. 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 stock on the grant date was $679,000. In December 2016, the Company granted to Steven Kriegsman, Chief Executive Officer, 387,597 shares of restricted common stock, pursuant to the 2008 Plan. This restricted stock vests in equal annual instalments over three years. 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 stock on the grant date was $1,000,000. The Company recorded an employee stock-based compensation expense for restricted stock of $137,766 and $137,766 respectively, for the quarters ended March 31, 2019 and 2018.

10. 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 March 31, 2019 for assets and liabilities measured at fair value on a recurring basis:

(In thousands)	Level I	Level II	Level III	Total
Cash equivalents	$ 7,855	$ —	$ —	$ 7,855
Short-term investments	$ 11,036	$ —	$ —	$ 11,036

The following table summarizes fair value measurements by level at December 31, 2018 for assets and liabilities measured at fair value on a recurring basis:

(In thousands)	Level I	Level II	Level III	Total
Cash equivalents	$ 19,731	$ —	$ —	$ 19,731

Liabilities measured at market value on a recurring basis include warrant liabilities resulting from recent debt and equity financings. In accordance with ASC 815-40, the warrant liability are marked to market 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.

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

Our non-financial assets are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized.

11. Liquidity and Capital Resources

At March 31, 2019, we had cash and cash equivalents and short-term investments of approximately $20.1 million. Management believes that our current cash and cash equivalents and short-term investments will be sufficient to fund its operations for the foreseeable future. This estimate is based, in part, upon our currently projected expenditures for the remainder of 2019 and the first four months of 2020 of approximately $5.6 million (unaudited), which includes approximately $0.3 million (unaudited) for payments related to the Freiburg lab, and approximately $5.3 million (unaudited) for other general and administrative expenses. These projected expenditures and payments are also based upon numerous other assumptions and subject to many uncertainties, and our actual expenditures may be significantly different from these projections.

While these projections represent the Company's current expected expenditures, the Company has the ability to reduce the amounts as needed to manage its liquidity needs while still advancing its corporate objectives. 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 long term debt, capital or non-dilutive up-front payments from a potential strategic partner. 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.

12. Income Taxes

At December 31, 2018, we had federal and state net operating loss carryforwards of $323.4 million and $248.3 million, respectively, available to offset against future taxable income, which expire in 2019 through 2038, of which $248.3 million and $248.3 million, respectively, are not subject to limitation under Section 382 of the Internal Revenue Code.

13. Commitments and Contingencies

Commitments

We have an agreement with Vergell Medical (formerly with KTB) ("Vergell") for the exclusive license of patent rights held by Vergell for the worldwide development and commercialization of aldoxorubicin. Under the agreement, we must make payments to Vergell in the aggregate of $7.5 million upon meeting clinical and regulatory milestones up to and including the product's second final marketing approval. We also have agreed to pay:

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

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 Vergell, up to an agreed upon cap.

Contingencies

We apply the disclosure provisions of ASC 460, *Guarantees* ("ASC 460") to its agreements that contain guarantees or indemnities by the Company. We provide (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.

During 2018, the Company resolved various shareholder derivative actions and a class action lawsuit that were pending against it. The Company has directors' and officers' liability insurance, which would be utilized in the defense of any such matters.

Item 2. — Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

All statements in this Quarterly Report, including statements in this section, other than statements of historical fact are forward-looking statements, including statements of our current views with respect to the recent developments regarding our business strategy, business plan and research and development activities, our future financial results, and other future events. These statements include forward-looking statements both with respect to us, specifically, and the biotechnology industry, in general. In some cases, forward-looking statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "estimates," "potential" or "could" or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations or any of the forward-looking statements will prove to be correct, and actual results could differ materially from those projected or assumed in the forward-looking statements.

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, the factors discussed in this section and under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, which should be reviewed carefully. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we anticipate. Please consider our forward-looking statements in light of those risks as you read this Quarterly 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.

Overview

CytRx Corporation ("CytRx") is a biopharmaceutical research and development company specializing in oncology. The Company's focus has been on the discovery, research and clinical development of novel anti-cancer drug candidates that employ novel linker technologies to enhance the accumulation and release of cytotoxic anti-cancer agents at the tumor. During 2017, CytRx's discovery laboratory, located in Freiburg, Germany, synthesized and tested over 75 rationally designed drug conjugates with highly potent payloads, culminating in the creation of two distinct classes of compounds. Four lead candidates (LADR-7 through LADR-10) were selected based on *in vitro* and animal preclinical studies, stability, and manufacturing feasibility. In 2018, additional animal efficacy and toxicology testing of these lead candidates was conducted. In addition, a novel albumin companion diagnostic, ACDx™, was developed to identify patients with cancer who are most likely to benefit from treatment with these drug candidates.

On June 1, 2018, CytRx launched Centurion BioPharma Corporation ("Centurion"), a private wholly owned subsidiary, and transferred all of its assets, liabilities and personnel associated with the laboratory operations in Freiburg, Germany. In connection with said transfer, the Company and Centurion entered into a Management Services Agreement whereby the Company agreed to render advisory, consulting, financial and administrative services to Centurion, for which Centurion shall reimburse the Company for the cost of such services plus a 5% service charge. The Management Services Agreement may be terminated by either party at any time. Centurion is focused on the development of personalized medicine for solid tumor treatment. On December 21, 2018, CytRx announced that Centurion had concluded the pre-clinical phase of development for its four LADR drug candidates, and for its albumin companion diagnostic (ACDx™). As a result of completing this work, operations taking place at the pre-clinical laboratory in Freiburg, Germany would no longer be needed and, accordingly, the lab was closed at the end of January 2019.

LADR Drug Discovery Platform and Centurion

Centurion's LADR™ (Linker Activated Drug Release) technology platform is a discovery engine combining our expertise in linker chemistry and albumin biology to create a pipeline of anti-cancer molecules that will avoid unacceptable systemic toxicity while delivering highly potent agents directly to the tumor. Centurion has created a "toolbox" of linker technologies that are designed to significantly increase the therapeutic index of ultra-high potency drugs (10-1,000 times more potent than traditional chemotherapies) by controlling the release of the drug payloads and improving drug-like properties.

Centurion's efforts were focused on two classes of ultra-high potency albumin-binding drug conjugates. These drug conjugates combine the proprietary LADR™ linkers with novel derivatives of the auristatin and maytansinoid drug classes. These payloads historically have required a targeting antibody for successful administration to humans. These drug conjugates eliminate the need for a targeting antibody and provide a small molecule therapeutic option with potential broader applicability.

Centurion's postulated mechanism of action for the albumin-binding drug conjugates is as follows:

after administration, the linker portion of the drug conjugate forms a rapid and specific covalent bond to the cysteine-34 position of circulating albumin;

circulating albumin preferentially accumulates at the tumors, bypassing concentration in other non-tumor sites, including the heart, liver and gastrointestinal tract due to a mechanism called "Enhanced Permeability and Retention";

once localized at the tumor, the acid-sensitive linker is cleaved due to the specific conditions within the tumor and in the tumor microenvironment; and

free active drug is then released.

Centurion's novel companion diagnostic, ACDx™ (albumin companion diagnostic), was developed to identify patients with cancer who are most likely to benefit from treatment with the four LADR lead assets.

CytRx and Centurion have been working on identifying partnership opportunities for LADR™ ultra-high potency drug conjugates and its albumin companion diagnostic. We have concluded all research and development on LADR and its companion diagnostic and are now focused solely on identifying partnership opportunities.

Aldoxorubicin

Until July 2017, the Company was focused on the research and clinical development of aldoxorubicin, their modified version of the widely-used chemotherapeutic agent, doxorubicin. 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 several of the major dose-limiting toxicities seen with administration of doxorubicin alone.

On July 27, 2017, the Company entered into an exclusive worldwide license with NantCell, Inc. ("NantCell"), granting to NantCell the exclusive rights to develop, manufacture and commercialize aldoxorubicin in all indications, and our company is no longer directly working on development of aldoxorubicin. As part of the license, NantCell made a strategic investment of $13 million in CytRx common stock at $6.60 per share (adjusted to reflect our 2017 reverse stock split), a premium of 92% to the market price on that date. The Company also issued NantCell a warrant to purchase up to 500,000 shares of common stock at $6.60, which expired on January 26, 2019. The Company is entitled to receive up to an aggregate of $343 million in potential milestone payments, contingent upon achievement of certain regulatory approvals and commercial milestones. The Company is also entitled to receive ascending double-digit royalties for net sales for soft tissue sarcomas and mid to high single digit royalties for other indications.

Molecular Chaperone Assets

In 2011, CytRx sold the rights to arimoclomol and iroxanadine, based on molecular chaperone regulation technology, to Orphazyme A/S (formerly Orphazyme ApS) in exchange for a one-time, upfront payment and the right to receive up to a total of $120 million (USD) in milestone payments upon the achievement of certain pre-specified regulatory and business milestones, as well as royalty payments based on a specified percentage of any net sales of products derived from arimoclomol. Orphazyme is testing arimoclomol in three additional indications beyond ALS, including Niemann-Pick disease Type C (NPC), Gaucher disease and sporadic Inclusion Body Myositis (sIBM). CytRx received a milestone payment of $250,000 in September 2018. Orphazyme has highlighted positive Phase2/3 clinical trial data in patients with NPC and in February 2019 announced it will initiate filing preparations and seek to meet with the U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) mid-2019 to discuss the path to approval. Orphazyme communicated its plan to submit the regulatory filing to the FDA and EMA during the first half of 2020, with potential approval expected during the second half of 2020. In such event, CytRx will be entitled to a milestone payment of $4 million upon EMA approval and $6 million upon FDA approval, along with royalties and potential additional milestones.

Current Business Strategy

Currently, the Company is working on identifying partnership opportunities for LADR™ ultra-high potency drug conjugates and their albumin companion diagnostic. We have concluded all research and development on LADR and its companion diagnostic and are now focused solely on identifying these partnership opportunities In addition, the Company is investigating new opportunities and lines of business. For this reason and others, including the closure of the lab, its operating expenses are expected to be significantly lower in the near future. Therefore, period to period comparisons should not be relied upon as predictive of the results in future periods.

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 U.S. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, impairment of long-lived assets, including finite-lived intangible assets, research and development expenses and clinical trial expenses and stock-based compensation expense.

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 to our financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2018. We believe the following critical accounting policies affect 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 grant revenues. Grant revenues consist of government and private grants.

On January 1, 2018 CytRx adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* ("ASC 606") using the modified retrospective method for contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under the new standard, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The cumulative effect of initially applying ASC 606 was an adjustment to decrease the opening balance of Accumulated Deficit by $6.7 million as of January 1, 2018.

The guidance provides for a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Under the new standard the NantCell Licensing Agreement, which was determined to be a functional license agreement, as the underlying intellectual property had standalone functionality, was recognizable in 2017 when NantCell obtained the right to use the intellectual property. The subsequent Reimbursement Agreement was determined to be a contract modification that introduced variable contra revenue for the Company's reimbursement obligations. In accordance with ASC 606, management estimated its obligations under the Reimbursement Agreement to be $3.2 million which is recognized as a contract liability at the time of revenue recognition. These costs were previously recognized as research and development expense in 2017 in accordance with prior accounting standards. This contract liability was reduced to $0.3 million as of January 1, 2018 as a result of costs incurred under the Reimbursement Agreement. This amount was further reduced to $50,000 as of December 31, 2018 and $9,000 as of March 31, 2019.

Additionally, CytRx is eligible to receive tiered high single to low double-digit royalties on product sales. The royalty term is determined on a licensed-product-by-licensed-product and country-by-country basis and begins on the first commercial sale of a licensed product in a country and ends on the expiration of the last to expire of specified patents or regulatory exclusivity covering such licensed product in such country or, with a customary royalty reduction, ten years after the first commercial sale if there is no such exclusivity. These revenues will be recognized when earned.

Research and Development Expenses

Research and development expenses consist of 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. Costs of technology developed for use in our products are expensed as incurred until technological feasibility has been established.

Stock-Based Compensation

Our stock-based employee compensation plans are described in Note 8 of the Notes to Condensed Financial Statements included in this Quarterly Report. We follow 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 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 is determined using the Black-Scholes option-pricing model, and compensation expense recognized or recovered during the period is adjusted accordingly. Since the fair market value of options granted or issued 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.

The fair value of each stock option and warrant is estimated using the Black-Scholes option-pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes option-pricing model, based on an expected forfeiture rate that is adjusted for our actual experience. If our Black-Scholes option-pricing model assumptions or our actual or estimated forfeiture rate are different in the future, it could materially affect our compensation expense recorded in future periods.

Net Income (Loss) per Share

Basic and diluted net loss per common share is computed using the weighted-average number of common shares outstanding. Potentially dilutive stock options and warrants to purchase 2.6 million shares for the three-month period ended March 31, 2019, and 6.8 million shares for the three-month period ended March 31, 2018, were excluded from the computation of diluted net loss per share, because the effect would be anti-dilutive.

Liquidity and Capital Resources

We have relied primarily upon proceeds from sales of our equity securities and the exercise of options and warrants, and to a much lesser extent upon payments from our strategic partners and licensees, to generate funds needed to finance our business and operations.

At March 31, 2019, we had cash and cash equivalents and short-term investments of approximately $20.1 million. Management believes that our current cash and cash equivalents and short-term investments will be sufficient to fund the Company's operations for the foreseeable future. This estimate is based, in part, upon our currently projected expenditures for the remainder of 2019 and the first four months of 2020 of approximately $5.6 million (unaudited), which includes approximately $0.3 million (unaudited) for payments related to the Freiburg lab, and approximately $5.3 million (unaudited) for other general and administrative expenses. These projected expenditures and payments are also based upon numerous other assumptions and subject to many uncertainties, and our actual expenditures may be significantly different from these projections. While these projections represent our current expected expenditures, CytRx has the ability to reduce the amounts and alter the timing of certain expenditures as needed to manage its liquidity needs while still advancing its corporate objectives. 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 it with long term debt or capital. CytRx 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 have to liquidate some or all of our assets or delay or reduce the scope of or eliminate some portion or all of our development programs.

We recorded a net loss in the three-month period ended March 31, 2019 of $1.4 million as compared to a net loss in the comparative 2018 period of $4.1 million, or a decrease of $2.7 million. CytRx closed its drug development operations in Freiburg Germany in December 2018, resulting in a comparative decrease of approximately $1.0 million in these discontinued operations. There were also reductions in research and development expenditures of $0.7 million and a decrease in general and administrative expenses of $0.7 million and a decrease in interest expense of $0.7 million.

We purchased short-term investments of $11.0 million and realized $0.3 million from the sale of fixed assets in the three-month period ended March 31, 2019 as compared to no activity in the comparative period in 2018, and do not expect any significant capital spending during the next 12 months.

There were no financing transactions in the three month-period ended March 31, 2019 as compared to principal payments of $1.0 million on our previous term loan in the three-month period ended March 31, 2018.

We continue to evaluate potential future sources of capital, as we do not currently have commitments from any third parties to provide us with additional capital. The results of our technology licensing efforts and the actual proceeds of any fund-raising activities will determine our ongoing ability to operate as a going concern. Our ability to obtain future financings through joint ventures, product licensing arrangements, royalty sales, equity financings, grants or otherwise is subject to market conditions and our ability to identify parties that are willing and able to enter into such arrangements on terms that are satisfactory to us. Depending upon the outcome of our fundraising efforts, the accompanying financial information may not necessarily be indicative of our future financial condition.

There can be no assurance that we will be able to generate revenues from our product candidates and become profitable. Even if we become profitable, we may not be able to sustain that profitability.

Results of Operations

We recorded a net loss of approximately $1.4 million for the three-month period ended March 31, 2019, as compared to a net loss in the three-month period ended March 31, 2018 of $4.1 million. The closure of our drug development operations in Freiburg Germany resulted in a comparative decrease of approximately $1.0 million in expenditures for these discontinued operations. Our research and development expenditures of $6,000 in the current three-month period reflects a decrease of $0.7 million from the three-month period ended March 31, 2018, since our aldoxorubicin program had been licensed to NantCell.

We recognized no licensing revenue in the three-month periods ended March 31, 2019 and 2018. All future licensing fees under our current licensing agreements are dependent upon successful development milestones being achieved by the licensor. During the remainder of 2019, we do not foresee receiving any significant licensing fees.

Research and Development

	Three-Month Period Ended March 31,	
	2019	2018
	(In thousands)	
Research and development expenses	$ 6	$ 653
Depreciation and amortization	—	3
	$ 6	$ 656

Research expenses are 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 incurred by us in our efforts to commercialize the findings generated through our research efforts. Research and development expenses incurred during the three-month period ended March 31, 2018 related primarily to our aldoxorubicin program which is licensed to NantCell.

General and Administrative Expenses

	Three-Month Period Ended March 31,	
	2019	2018
	(In thousands)	
General and administrative expenses	$ 1,513	$ 2,009
Non-cash general and administrative expenses	—	21
Employee stock, and stock option expense	213	429
Depreciation and amortization	6	5
	$ 1,732	$ 2,464

General and administrative expenses include all administrative salaries and general corporate expenses, including legal expenses. Our general and administrative expenses, excluding stock option expense, non-cash expenses and depreciation and amortization, were $1.5 million for the three-month period ended March 31, 2019, and $2.0 million for the same period in 2018. Our general and administrative expenses in the current three-month period, excluding stock option expense, non-cash expenses and depreciation and amortization, decreased by approximately $0.5 million, primarily due to a decrease in legal fees and a reduction in head count.

Depreciation and Amortization

Depreciation expense reflects the depreciation of our equipment and furnishings.

Interest Income and Expense

Interest income was approximately $88,000 for the three-month period ended March 31, 2019 as compared to approximately $83,000 for the same period in 2018.

There was no interest expense in the three-month ended March 31, 2019 as compared to approximately $0.7 million for the same period in 2018.

Item 3. — 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 nature of our short-term investments, we believe that we are not subject to any material market risk exposure. We do not have any speculative or hedging derivative financial instruments or foreign currency instruments. If interest rates had varied by 10% in the three-month period ended March 31, 2019, it would not have had a material effect on our results of operations or cash flows for that period.

Item 4. — Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief 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 the end of the quarterly period covered by this Quarterly Report. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

Changes in Controls over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2019 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We continually seek to assure that all of our controls and procedures are adequate and effective. Any failure to implement and maintain improvements in the controls over our financial reporting could cause us to fail to meet our reporting obligations under the SEC's rules and regulations. Any failure to improve our internal controls to address the weaknesses we have identified could also cause investors to lose confidence in our reported financial information, which could have a negative impact on the trading price of our common stock.

PART II — OTHER INFORMATION

Item 1. — Legal Proceedings

None.

Item 1A. — Risk Factors

If we fail to meet the requirements for continued listing on the NASDAQ Stock Market, our common stock would likely be delisted from trading on NASDAQ, which would likely reduce the liquidity of our common stock and could cause our trading price to decline.

Our common stock is currently listed for quotation on the NASDAQ Stock Market. We are required to meet specified financial and trading requirements in order to maintain our listing on NASDAQ, including maintaining a trading price of our common stock of at least $1.00 per share. On November 23, 2018, we received notice from Nasdaq that the closing bid for our common stock had been below $1.00 for the previous 30 consecutive business days, and that we are therefore not in compliance with the minimum bid price requirement for continued inclusion on NASDAQ under Nasdaq Listing Rule 5550(a)(2). The notice indicates that we will have 180 calendar days, or until May 23, 2019, to regain compliance with this requirement.

We can regain compliance with the $1.00 minimum bid listing requirement if the closing bid price of our common stock is at least $1.00 for a minimum of ten consecutive business days during the 180-day compliance period. If we do not regain compliance during the initial compliance period, we may be eligible for additional time to regain compliance. To qualify, we will be required to meet the continued listing requirement for market value of our publicly held shares and all other NASDAQ initial listing standards, except the bid price requirement, and will need to provide written notice to NASDAQ of our intention to cure the deficiency during the second compliance period.

As of the date of this filing, it does not appear that we will can regain compliance with the $1.00 minimum bid listing requirement by achieving a closing bid price of our common stock of at least $1.00 for a minimum of ten consecutive business days during the 180-day compliance period We do not intend to request additional time to regain compliance with the minimum bid price requirement. We expect that Nasdaq will notify us that our common stock will be subject to delisting from NASDAQ and our common stock would instead trade on the OTC Markets. A delisting of our common stock from NASDAQ would likely result in decreased liquidity and increased volatility of our common stock, and may cause our trading price to decline.

Item 2. — Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 6. — Exhibits

The exhibits listed in the accompanying Index to Exhibits are filed as part of this Quarterly Report and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CytRx Corporation

Date: May 14, 2019

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

INDEX TO EXHIBITS

Exhibit Number	Description
31.1	Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, 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 Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

Exhibit 31.1

CERTIFICATIONS

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

1. I have reviewed this quarterly report on Form 10-Q of CytRx Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 Rules713a-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, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly 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: May 14, 2019

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

Exhibit 31.2

CERTIFICATIONS

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

1. I have reviewed this quarterly report on Form 10-Q of CytRx Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly 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: May 14, 2019

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 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of CytRx Corporation (the "Company") hereby certifies based on his knowledge that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (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 as of and for the periods covered in the Report.

Date: May 14, 2019

By:*/s/ STEVEN A. KRIEGSMAN*
Steven A. Kriegsman
Chairman and 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-Q and shall not be considered filed as part of the Form 10-Q.

Exhibit 32.2

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of CytRx Corporation (the "Company") hereby certifies based on his knowledge that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (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 as of and for the periods covered in the Report.

Date: May 14, 2019

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-Q and shall not be considered filed as part of the Form 10-Q.