

CYTRX CORP
Form DEF 14A
May 24, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CytRx Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**11726 San Vicente Boulevard, Suite 650
Los Angeles, California 90049**

May 24, 2007

Dear Stockholder:

You are cordially invited to attend the 2007 Annual Meeting of Stockholders of CytRx Corporation. The meeting will be held at the Hotel Bel Air, 701 Stone Canyon Road, Los Angeles, California, at 10:00 A.M., local time, on Monday, July 2, 2007.

The Notice of Meeting and the Proxy Statement on the following pages cover the formal business of the meeting. At the Annual Meeting, I will also report on CytRx's current operations and will be available to respond to questions from stockholders.

Whether or not you plan to attend, it is important that your shares be represented and voted at the meeting. I urge you, therefore, to complete, sign, date and return the enclosed proxy card (or use telephone or internet voting procedures, if offered by your broker) even if you plan to attend the meeting.

I hope you will join us.

Sincerely,

Steven A. Kriegsman
President and Chief Executive Officer

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**11726 San Vicente Boulevard, Suite 650
Los Angeles, California 90049**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on July 2, 2007**

Notice is hereby given to the holders of common stock, \$.001 par value per share, of CytRx Corporation that the Annual Meeting of Stockholders will be held on Monday, July 2, 2007 at the Hotel Bel Air, 701 Stone Canyon Road, Los Angeles, California, at 10:00 A.M., local time, for the following purposes:

- (1) To elect two directors to serve until the 2010 Annual Meeting of Stockholders;
- (2) To approve an amendment to the CytRx Corporation Restated Certificate of Incorporation to increase the authorized number of shares of common stock from 125,000,000 to 150,000,000;
- (3) To ratify the selection of BDO Seidman, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- (4) To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

Only those stockholders of record at the close of business on May 11, 2007 are entitled to notice of and to vote at the Annual Meeting or any postponement or adjournment thereof. A complete list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting.

By Order of the Board of Directors,

Benjamin S. Levin
Corporate Secretary

May 24, 2007

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY PROMPTLY IN THE ENCLOSED BUSINESS REPLY ENVELOPE (OR USE TELEPHONE OR INTERNET VOTING PROCEDURES, IF AVAILABLE THROUGH YOUR BROKER). IF YOU ATTEND THE ANNUAL MEETING YOU MAY, IF YOU WISH, REVOKE YOUR PROXY AND VOTE IN PERSON.

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**11726 San Vicente Boulevard, Suite 650
Los Angeles, California 90049**

To Be Held July 2, 2007

PROXY STATEMENT

This Proxy Statement is furnished to holders of common stock, \$.001 par value per share, of CytRx Corporation, a Delaware corporation, in connection with the solicitation of proxies by our Board of Directors for use at our 2007 Annual Meeting of Stockholders to be held at the Hotel Bel Air, 701 Stone Canyon Road, Los Angeles, California, at 10:00 A.M., local time, on Monday, July 2, 2007, and at any postponement or adjournment thereof.

This Proxy Statement and the accompanying proxy card are first being mailed to our stockholders on or about May 24, 2007.

What is the purpose of the Annual Meeting?

At the Annual Meeting, stockholders will act upon the matters referred to in the attached Notice of Meeting and described in detail in this Proxy Statement, which are the election of directors, the approval of an amendment to our Restated Certificate of Incorporation and the ratification of our appointment of independent accountants. In addition, management will report on our performance during fiscal 2006 and respond to appropriate questions from stockholders.

Who is entitled to vote at the Annual Meeting?

Only stockholders of record at the close of business on May 11, 2007 will be entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

What constitutes a quorum?

Our Bylaws provide that the presence, in person or by proxy, at our Annual Meeting of the holders of a majority of outstanding shares of our common stock will constitute a quorum for the transaction of business.

For the purpose of determining the presence of a quorum, proxies marked withhold authority or abstain will be counted as present. Shares represented by proxies that include so-called broker non-votes also will be counted as shares present for purposes of establishing a quorum. On the record date, there were 87,358,244 shares of our common stock issued and outstanding, exclusive of treasury shares.

What are the voting rights of the holders of our common stock?

Holders of our common stock are entitled to one vote per share with respect to each of the matters to be presented at the Annual Meeting. Approval of the amendment to our Restated Certificate of Incorporation will require the affirmative vote of the holders of a majority of the outstanding shares of common stock. With regard to the election of directors, the two nominees receiving the greatest number of votes cast will be elected.

Abstentions and broker non-votes will not be counted as votes cast and, therefore, will have no effect on the outcome of the election of directors. Abstentions and broker non-votes will have the same effect as a vote Against the proposal to approve the amendment to our Restated Certificate of Incorporation.

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What are the Board's recommendations?

The recommendations of our Board of Directors are set forth together with the description of each Proposal in this Proxy Statement. In summary, our Board of Directors recommends a vote:

FOR election of the directors named in this Proxy Statement as described in Proposal I;

FOR approval of the amendment to our Restated Certificate of Incorporation as described in Proposal II; and

FOR ratification of the appointment of BDO Seidman, LLP as our independent registered public accounting firm for fiscal 2007 as described in Proposal III.

Proxies

If the enclosed proxy card is executed, returned in time and not revoked, the shares represented thereby will be voted at the Annual Meeting and at any postponement or adjournment thereof in accordance with the directions indicated on the proxy card. IF NO DIRECTIONS ARE INDICATED, PROXIES WILL BE VOTED FOR ALL PROPOSALS DESCRIBED IN THIS PROXY STATEMENT AND, AS TO ANY OTHER MATTERS PROPERLY BROUGHT BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF, IN THE SOLE DISCRETION OF THE PROXIES.

A stockholder who returns a proxy card may revoke it at any time prior to its exercise at the Annual Meeting by (i) giving written notice of revocation to our Corporate Secretary, (ii) properly submitting to us a duly executed proxy bearing a later date, or (iii) appearing at the Annual Meeting and voting in person. All written notices of revocation of proxies should be addressed as follows: CytRx Corporation, 11726 San Vicente Boulevard, Suite 650, Los Angeles, California 90049, Attention: Corporate Secretary.

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PROPOSAL I

ELECTION OF DIRECTORS

Pursuant to our Bylaws, our Board of Directors has fixed the number of our directors at seven. Our Restated Certificate of Incorporation and our Bylaws provide for the classification of these directors into three classes, with each class to consist as nearly as possible of an equal number of directors. One class of directors is to be elected at each annual meeting of stockholders to serve for a term of three years.

The term of the two directors in Class I expires at the Annual Meeting. The Board of Directors has nominated the incumbent Class I directors, Messrs. Louis Ignarro, Ph.D. and Joseph Rubinfeld, Ph.D., for reelection as the Class I director to serve until the 2010 Annual Meeting of Stockholders and until their successors are duly elected and qualified. A vacancy currently exists within our Class III directors as a result of the retirement of a past director in 2004. Our Board of Directors may seek to fill this vacancy subsequent to the Annual Meeting.

The following is information concerning the nominees for election or directors, as well as the directors whose terms of office will continue after the Annual Meeting. Each director's age is indicated in parentheses after his name.

Current Nominees

We believe that the nominees will be available and able to serve as directors. In the event that a nominee is unable or unwilling to serve, the proxy holders will vote the proxies for such other nominee as they may determine.

Class I Nominees to Serve as Director Until the 2010 Annual Meeting

Louis Ignarro, Ph.D. (65) 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.

Joseph Rubinfeld, Ph.D. (74) 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, and currently serves as the Chairman and Chief Executive Officer 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.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES FOR ELECTION AS DIRECTORS.

Continuing Directors

The following is a description of the directors in Class II and Class III whose terms of office will continue after the Annual Meeting.

Class II Term Expiring at the 2008 Annual Meeting

Steven A. Kriegsman (65) has been a director and our President and Chief Executive Officer since July 2002. He also serves as a director of our majority-owned subsidiary, RXi Pharmaceuticals Corporation. He previously served as Director and Chairman of Global Genomics from June 2000. Mr. Kriegsman is an inactive Chairman and Founder of Kriegsman Capital Group LLC, a financial advisory firm specializing in the development of alternative

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sources of equity capital for emerging growth companies in the healthcare industry. He has advised such companies as SuperGen Inc., Closure Medical Corporation, Novoste Corporation, Miravant Medical Technologies, and Maxim Pharmaceuticals. Mr. Kriegsman has a BS 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 was formerly a Certified Public Accountant with KPMG in New York City. He serves as a Director and is the former Chairman of the Audit Committee of Bradley Pharmaceuticals, Inc. 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 active in various charitable organizations, including the Biotechnology Industry Organization, the ALS Association, the Los Angeles Venture Association, the Southern California Biomedical Council, and the Palisades-Malibu YMCA.

Marvin R. Selter (79) has been a director since October 2003. He has been President and Chief Executive Officer of CMS, Inc. since he founded that firm in 1968. CMS, Inc. is a national management consulting firm. In 1972, Mr. Selter originated the concept of employee leasing. He serves as a member of the Business Tax Advisory Committee-City of Los Angeles, Small Business Board-State of California and the Small Business Advisory Commission-State of California. Mr. Selter also serves on the Valley Economic Development Center as past Chairman and Audit Committee Chairman, the Board of Valley Industry and Commerce Association as past Chairman, the Advisory Board of the San Fernando Economic Alliance and the California State University-Northridge as Chairman of the Economic Research Center. He has served, and continues to serve, as a member of boards of directors of various hospitals, universities, private medical companies and other organizations. Mr. Selter attended Rutgers-The State University, majoring in Accounting and Business Administration. He was an LPA having served as Controller, Financial Vice President and Treasurer at distribution, manufacturing and service firms. He has lectured extensively on finance, corporate structure and budgeting for the American Management Association and other professional teaching associations.

Richard L. Wennekamp (64) has been a director since October 2003. He has been the Senior Vice President-Credit Administration of Community Bank since October 2002. From September 1998 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.

Class III Term Expiring at the 2009 Annual Meeting

Max Link (66) has been a director since 1996. Dr. Link has been retired from business since 2003. From March 2002 until its acquisition by Zimmer Holdings, Dr. Link served as Chairman and CEO of Centerpulse, Ltd. From May 1993 to June 1994, Dr. Link served as the Chief Executive Officer of Corange Ltd. (the holding company for Boehringer Mannheim Therapeutics, Boehringer Mannheim Diagnostics and DePuy International). From 1992 to 1993, Dr. Link was Chairman of Sandoz Pharma, Ltd. From 1987 to 1992, Dr. Link was the Chief Executive Officer of Sandoz Pharma and a member of the Executive Board of Sandoz, Ltd., Basel. Prior to 1987, Dr. Link served in various capacities with the United States operations of Sandoz, including President and Chief Executive Officer. Dr. Link also serves as a director of Access Pharmaceuticals, Inc., Alexion Pharmaceuticals, Inc., Celsion Corporation, Discovery Laboratories, Inc. and Human Genome Sciences, Inc., each of which is a public company.

Meetings of the Board of Directors and Committees

Board of Directors. The property, affairs and business of CytRx are conducted under the general supervision and management of our Board of Directors as called for under the laws of Delaware and our Bylaws. Our Board of Directors has established a standing Audit Committee, Compensation Committee, and Nomination and Governance Committee.

The Board of Directors held 11 meetings during 2006. Each director attended at least 75% of the total meetings of the Board during 2006, except for Louis Ignarro, Ph.D. Each director who served on a committee of our Board of

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Directors attended at least 75% of all committee meetings during 2006. Board agendas include regularly scheduled executive sessions for the independent directors to meet without management present. In 2006, the independent directors met twice in executive session.

Our Board of Directors has determined that Messrs. Link, Rubinfeld, Selter and Wennkamp each are independent under the current independence standards of both the Nasdaq Capital Market and the Securities and Exchange Commission, or SEC, and have no material relationships with us (either directly or as a partner, shareholder or officer of any entity) that could be inconsistent with a finding of their independence as members of our Board of Directors or as the members of our Audit Committee. Our Board of Directors also has determined that Mr. Selter, one of the independent directors serving on our Audit Committee, is an audit committee financial expert as defined by SEC rules.

The following table provides information concerning the current membership of our Board committees:

Name	Class of Directors(1)	Audit Committee	Compensation Committee	Nomination and Governance Committee
Steven A. Kriegsman	II			
Louis Ignarro, Ph.D.	I			
Max Link	III	(2)		(4)
Joseph Rubinfeld, Ph.D.	I	(2)	(3)	
Marvin R. Selter	II	(2)	(3)	(4)
Richard L. Wennkamp	II	(2)	(3)	(4)

- (1) Class I directors serve until the 2007 Annual Meeting of Stockholders, Class II directors serve until the 2008 Annual Meeting of Stockholders and Class III directors serve until the 2009 Annual Meeting of Stockholders. A vacancy currently exists within our Class III directors, which our Board of Directors may seek to fill subsequent to the Annual Meeting.
- (2) These directors constitute the members of our Audit Committee. Mr. Selter is the Chairman of the Committee.
- (3) These directors constitute the members of our Compensation Committee. Dr. Rubinfeld is the Chairman of the Committee.
- (4) These directors constitute the members of our Nomination and Governance Committee. Mr. Wennkamp is the Chairman of the Committee.

Audit Committee. Our Board of Directors has determined that each of the current members of the Audit Committee are independent under the current independence standards of the Nasdaq Capital Market. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to:

The quality and integrity of our financial statements and reports.

The independent registered public accounting firm's qualifications and independence.

The performance of our internal audit function and independent auditors.

The Audit Committee reviews our financial structure, policies and procedures, appoints the outside independent registered public accounting firm, reviews with the outside independent registered public accounting firm the plans and results of the audit engagement, approves permitted non-audit services provided by our independent registered public accounting firm, reviews the independence of the auditors and reviews the adequacy of our internal accounting controls. The Audit Committee's responsibilities also include oversight activities described below under the Report of the Audit Committee.

The Audit Committee has discussed with the outside independent registered public accounting firm the auditors independence from management and CytRx, including the matters in the written disclosures required by the Independence Standards Board and considered the compatibility of permitted non-audit services with the auditors independence. The Audit Committee operates pursuant to a written charter, which is attached as Appendix A to this Proxy Statement.

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The Audit Committee held six meetings during 2006.

Set forth below is the Audit Committee Report.

The following Report does not constitute soliciting material and should not be considered or deemed filed, or incorporated by reference into any filing, by us with the SEC, except to the extent we specifically incorporate this Report by reference.

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to:

The quality and integrity of CytRx's financial statements and reports.

The independent auditors' qualifications and independence.

The performance of CytRx's internal audit function and independent auditors.

The Audit Committee operates under a written charter adopted by the Board of Directors in April 2003, which was amended by the Board of Directors in March 2007.

The Audit Committee's primary duties and responsibilities are to:

Serve as an independent and objective party to monitor CytRx's financial reporting process and internal control system.

Review and appraise the audit efforts of CytRx's independent accountants and internal audit function.

Provide an open avenue of communication among the independent accountants, internal auditors, CytRx's operational management and the Board of Directors.

The Audit Committee provides assistance to the Board of Directors in fulfilling its oversight responsibility to the stockholders, potential stockholders, the investment community, and others relating to CytRx's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of CytRx's financial statements and the ethics programs when established by CytRx management and the Board of Directors. The Audit Committee has the sole authority (subject, if applicable, to stockholder ratification) to appoint or replace the outside auditors and is directly responsible for determining the compensation of the independent auditors.

The Audit Committee must pre-approve all auditing services and all permitted non-auditing services to be provided by the outside auditors. In general, the Audit Committee's policy is to grant such approval where it determines that the non-audit services are not incompatible with maintaining the auditors' independence and there are cost or other efficiencies in obtaining such services from the auditors as compared to other possible providers. During 2006, the Audit Committee approved all of the non-audit services proposals submitted to it.

The Audit Committee met six times during 2006. The Audit Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention, with full access to all of CytRx's books, records, facilities and personnel, and to retain its own legal counsel and other advisers as it deems necessary or appropriate.

As part of its oversight of CytRx's financial statements, the Audit Committee reviews and discusses with both management and its outside auditors CytRx's interim financial statements and annual audited financial statements that are included in CytRx's Quarterly Reports on Form 10-Q and Annual Report on Form 10-K, respectively. CytRx management advised the Audit Committee in each case that all such financial statements were prepared in accordance with generally accepted accounting principles and reviewed significant accounting issues with the Audit Committee. These reviews included discussion with the outside auditors of matters required to be discussed pursuant to Statement on Auditing Standards No. 61, as amended by SAS No. 90 (Communication with Audit Committees).

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The Audit Committee retained BDO Seidman, LLP to audit CytRx's financial statements for 2004, 2005 and 2006. The Audit Committee also has selected BDO Seidman, LLP as CytRx's independent auditors for fiscal 2007.

The Audit Committee discussed with BDO Seidman, LLP, which audited CytRx's annual financial statements for 2006, matters relating to its independence, including a review of audit and non-audit fees and the letter and written disclosures made by BDO Seidman, LLP to the Audit Committee pursuant to Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees).

In addition, the Audit Committee reviewed initiatives aimed at strengthening the effectiveness of CytRx's internal control structure. As part of this process, the Audit Committee continued to monitor and review staffing levels and steps taken to implement recommended improvements in internal procedures and controls.

Taking all of these reviews and discussions into account, the Committee recommended to the Board of Directors that the Board approve the inclusion of CytRx's audited financial statements in its Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed with the SEC.

Respectfully submitted,

Audit Committee:

Marvin R. Selter, Chairman

Max Link

Joseph Rubinfeld, Ph.D.

Richard L. Wennkamp

Compensation Committee. The Compensation Committee is authorized to review and make recommendations to the full Board of Directors relating to the annual salaries and bonuses of our officers and to determine in its sole discretion all grants of stock options, the exercise price of each option, and the number of shares to be issuable upon the exercise of each option under our various stock option plans. The Committee also is authorized to interpret our stock option plans, to prescribe, amend and rescind rules and regulations relating to the plans, to determine the term and provisions of the respective option agreements, and to make all other determinations deemed necessary or advisable for the administration of the plans.

The Compensation Committee held ten meetings during 2006.

Nomination and Governance Committee. The Nomination and Governance Committee assists our Board of Directors in discharging its duties relating to corporate governance and the compensation and evaluation of the Board. The Nomination and Governance Committee operates pursuant to a written charter, which was filed as an exhibit to our 2005 Proxy Statement. As indicated above with respect to service on our Audit Committee, our Board of Directors has determined that each of the current members of the Nomination and Governance Committee, Messrs. Link, Selter and Wennkamp, are independent under the current independence standards of the Nasdaq Capital Market.

The principal responsibilities of the Nomination and Governance Committee include:

Overseeing our corporate governance practices and developing and recommending to our Board a set of Corporate Governance Guidelines.

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Assisting our Board in identifying qualified director candidates, selecting nominees for election as directors at meetings of stockholders and selecting candidates to fill vacancies on our Board, and developing criteria to be used in making such recommendations.

Creating and recommending to our Board a policy regarding the consideration of director candidates recommended by stockholders and procedures for stockholders' submission of nominees of director candidates.

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Reviewing and recommending the compensation for non-employee directors and making recommendations to our Board for its approval.

Establishing criteria for our Board and for all committees (including the Nomination and Governance Committee) to use to evaluate their performance on an annual basis.

Overseeing developments related to corporate governance and advising our Board in connection therewith.

The Nomination and Governance Committee has sole authority, in connection with the identification of qualified director candidates, to retain and terminate any search firm for such purpose (including the authority to approve any such firm's fees and other retention terms). We do not currently employ an executive search firm, or pay a fee to any other third party, to locate qualified candidates for director positions.

The Nomination and Governance Committee held four meetings during 2006.

The Nomination and Governance Committee has not established any specific minimum qualifications for director candidates or any specific qualities or skills that a candidate must possess in order to be considered qualified to be nominated as a director.

Qualifications for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing board composition. In making its nominations, our Nomination and Governance Committee generally will consider, among other things, an individual's business experience, industry experience, financial background, breadth of knowledge about issues affecting our company, time available for meetings and consultation regarding company matters and other particular skills and experience possessed by the individual.

Stockholder Recommendations of Director Candidates

The policy of the Nomination and Governance Committee is that a stockholder wishing to submit recommendations for director candidates for consideration by the Nomination and Governance Committee for election at an annual meeting of shareholders must do so in writing by December 15 of the previous calendar year. The written recommendation must include the following information:

A statement that the writer is a stockholder and is proposing a candidate for consideration.

The name and contact information for the candidate.

A statement of the candidate's business and educational experience.

Information regarding the candidate's qualifications to be a director.

The number of shares of our common stock, if any, owned either beneficially or of record by the candidate and the length of time such shares have been so owned.

The written consent of the candidate to serve as a director if nominated and elected.

Information regarding any relationship or understanding between the proposing stockholder and the candidate.

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A statement that the proposed candidate has agreed to furnish us all information as we deem necessary to evaluate such candidate's qualifications to serve as a director.

As to the stockholder giving the notice, the written recommendation must state the name and address of the stockholder and the number of shares of our common stock which are owned beneficially or of record by the shareholder.

Any recommendations in proper form received from stockholders will be evaluated in the same manner that potential nominees recommended by our Board members or management are evaluated.

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Stockholder Nominations of Directors

Our Bylaws specify the procedures by which stockholders may nominate director candidates directly, as opposed to merely recommending a director candidate to the Nomination and Governance Committee as described above. Any stockholder nominations must comply with the requirements of our Bylaws and should be addressed to: Corporate Secretary, CytRx Corporation, 11726 San Vicente Boulevard, Suite 650, Los Angeles, California 90049.

Stockholder Communication with Board Members

Stockholders who wish to communicate with our Board members may contact us by telephone, facsimile or regular mail at our principal executive office. Written communications specifically marked as a communication for our Board of Directors, or a particular director, except those that are clearly marketing or soliciting materials, will be forwarded unopened to the Chairman of our Board, or to the particular director to which they are addressed, or presented to the full Board or the particular director at the next regularly scheduled Board meeting. In addition, communications sent to us via telephone or facsimile for our Board of Directors or a particular director will be forwarded to our Board or the director by an appropriate officer.

Board Member Attendance at Annual Meetings

Our Board of Directors has no formal policy regarding attendance of directors at our annual stockholder meetings. Of the six members of our Board as of the date of our 2006 Annual Meeting of Stockholders, five attended that meeting.

Section 16(a) Beneficial Ownership Reporting Compliance

Our executive officers and directors and any person who owns more than 10% of our outstanding shares of common stock are 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 2006 complied with all applicable Section 16(a) filing requirements.

Beneficial Owners of More Than Five Percent of CytRx's Common Stock; Shares Held by Directors and Executive Officers

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 May 7, 2007 by (1) each person who is known by us to beneficially own more than five percent of the common stock; (2) each director; (3) the named executive officers listed in the Summary Compensation Table under the caption "Executive Compensation"; and (4) all executive officers and directors as a group.

Beneficial ownership is determined in accordance with the SEC rules. Shares of common stock subject to warrants or options that are presently exercisable, or exercisable within 60 days of May 7, 2007, which are indicated by footnote, are deemed outstanding in computing the percentage ownership of the person holding the warrants or options, but not in computing the percentage ownership of any other person. The percentage ownership reflected in the table is based on 86,813,178 shares of our common stock outstanding as of May 7, 2007. Except as otherwise indicated, the holders listed below have sole voting and investment power with respect to all shares of common

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stock shown, subject to applicable community property laws. An asterisk represents beneficial ownership of less than 1%.

Name of Beneficial Owner	Shares of Common Stock	
	Number	Percent
Louis Ignarro, Ph.D.(1)	503,916	*
Steven A. Kriegsman(2)	5,315,654	6.0%
Max Link(3)	97,083	*
Joseph Rubinfeld(4)	62,000	*
Marvin R. Selter(5)	407,451	*
Richard Wennekamp(6)	55,000	*
Mark A. Tepper, Ph.D.(7)	175,000	*
Jack R. Barber, Ph.D.(8)	248,672	*
Matthew Natalizio(9)	187,499	*
Benjamin S. Levin(10)	246,422	*
All executive officers and directors as a group (twelve persons)(12)	7,307,030	8.1%

(1) Includes 412,000 shares subject to options or warrants.

(2) Includes 1,294,554 shares subject to options or warrants. Mr. Kriegsman's address is c/o CytRx Corporation, 11726 San Vicente Boulevard, Suite 650, Los Angeles, CA 90049.

(3) Includes 42,107 shares subject to options or warrants.

(4) Includes 62,000 shares subject to options or warrants.

(5) The shares shown are owned, of record, by the Selter Family Trust or Selter IRA Rollover. Includes 50,00 shares subject to options or warrants owned by Mr. Selter.

(6) Includes 50,000 shares subject to options or warrants.

(7) Consists of 175,000 shares subject to options or warrants. Dr. Tepper's employment with us ceased on May 21, 2007.

(8) Consists of 248,672 shares subject to options or warrants.

(9) Consists of 187,499 shares subject to options or warrants.

(10) Consists of 246,422 shares subject to options or warrants.

(11) Includes 2,993,254 shares subject to options or warrants.

Executive Officers of CytRx

Set forth below is information regarding our current executive officers (other than information relating to Steven A. Kriegsman, our President and Chief Executive Officer, which is set forth above under Continuing Directors). Each officer's age is indicated in parentheses after his name.

Jack Barber, Ph.D. (51) has been our Senior Vice President Drug Development since July 2004, and was recently named Chief Scientific Officer. He previously served as Chief Technical Officer and Vice President of Research and Development at Immusol, a biopharmaceutical company based in San Diego, California, since 1994. Prior to that, Dr. Barber spent seven years in various management positions at Viagene, most recently serving as Associate Director of Oncology. Dr. Barber received both his B.S. and Ph.D. in Biochemistry from the University of California, Los Angeles. He also carried out his post-doctoral fellowship at the Salk Institute for Biological Studies in La Jolla, California.

Shi Chung Ng, Ph.D. (52) joined CytRx as our Senior Vice President, Research and Development in April 2007. Previously, he served as Vice President of Molecular Oncology at Ligand Pharmaceuticals, directing the cancer discovery efforts as well as genomics biomarker studies for Targretin. Prior to that, he served as Vice President of Drug Discovery Biology and Preclinical Development of ArQule, Inc., leading novel cell cycle

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checkpoint activation drug discovery and development efforts for ARQ-197. From 1993-2004, Dr. Ng co-led efforts in the discovery and development of multiple oncology drug candidates at Abbott, including a Bcl-2 inhibitor, farnesyl transferase inhibitors, and novel anti-mitotics as a founding member of Abbott oncology, a Senior Group Leader and a Volwiler Associate Fellow. Prior to his tenure at Abbott, Dr. Ng worked at Pfizer, Bristol-Myers Squibb and Harvard Medical School. He was adjunct Assistant Professor at the Chicago Medical School, and adjunct Faculty Member at Northwestern University. He had also served as a visiting Professor at Rutgers University, a visiting Research Staff Member at Princeton University, and an Instructor in Medicine at Harvard Medical School. Dr. Ng received a Ph.D. in Biochemistry from Purdue University, and a Postdoctoral Fellowship from Howard Hughes Medical Institute and Harvard Medical School. Dr. Ng has published over 200 papers, abstracts and patent applications and he was the recipient of multiple scholarships and awards.

Matthew Natalizio (52) has been our Chief Financial Officer and Treasurer since July 2004. From November 2002 to December 2003, he was President and General Manager of a privately held furniture manufacturing company. Prior to that, from January 2000 to October 2002, he was Chief Financial Officer at Qualstar Corporation, a publicly traded designer and manufacturer of data storage devices. He was also the Vice President of Operations Support, the Vice President Finance and Treasurer of Superior National Insurance Group, a publicly traded workers' compensation insurance company. Mr. Natalizio is a CPA who worked at Ernst and Young as an Audit Manager and Computer Audit Executive and was a Senior Manager at KPMG. He earned his Bachelor of Arts degree in Economics from the University of California, Los Angeles.

Benjamin S. Levin (31) has been our General Counsel, Vice President Legal Affairs and Corporate Secretary since July 2004. 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.

Tod Woolf, Ph.D. (42), has served as President and Chief Executive Officer of our majority-owned subsidiary, RXi Pharmaceuticals Corporation, since January 2007. Dr. Woolf has twenty years' experience developing and commercializing innovative biomedical technologies, including twelve years of biotechnology management experience. He founded Sequitur, an RNAi company acquired by Invitrogen (Nasdaq: IVGN) in 1996 and served from 1996 until 2003 as Chief Executive. From November 2003 until November 2006 he served as an advisor to Invitrogen and he has served as an advisor to other biotechnology companies including Praecis (acquired by GlaxoSmithkine) and Signet Laboratories (acquired by Covance). While at Sequitur, Dr. Woolf co-invented and commercialized STEALTH RNAi, one of the most widely used second generation RNAi products. Previously, he helped to develop and partner the core therapeutic technology at now public companies Genta, RPI (now SIRNA) and Ontogeny (now Curis). Dr. Woolf holds a Masters Degree and Doctorate in Biology from Harvard University. He has authored 40 patent applications and scientific publications and has given drug development lectures throughout the world.