EverBank Financial Corp
Form DFAN14A
August 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant o

Filed by a Party other than the Registrant x

Check the appropriate box:

o Preliminary Proxy Statement

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

o Definitive Proxy Statement

o Definitive Additional Materials

x Soliciting Material under §240.14a-12

EVERBANK FINANCIAL CORP
(Name of Registrant as Specified In Its Charter)

Teachers Insurance and Annuity Association of America
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o 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:

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

On August 8, 2016, (i) Teachers Insurance and Annuity Association of America ("TIAA") and EverBank Financial Corp ("EverBank") issued a joint press release regarding the proposed acquisition of EverBank by TIAA; (ii) TIAA distributed an email to all TIAA employees informing them of the transaction and (iii) TIAA distributed an email to all current TIAA Direct customers regarding the transaction. The text of the joint press release, the text of the email to employees and the text of the email to customers are as follows:

TIAA Enters into Definitive Agreement to Acquire EverBank

Brings together a leading provider of financial services and a nationwide, diversified bank

Enhances TIAA's suite of products and services to support customers at all life stages

NEW YORK, NY & JACKSONVILLE, FL, August 8, 2016 – TIAA, a leading financial services provider, announced today an agreement to acquire EverBank (NYSE: EVER), a nationwide consumer and commercial bank with $27.4 billion in total assets. This acquisition significantly expands TIAA's banking and lending products and complements the company's full suite of retirement, investment and advisory services available to help customers achieve financial well-being.

Under the terms of the agreement, EverBank stockholders will receive $19.50 per share in cash, or an approximate total of $2.5 billion. The combination of TIAA's existing banking operations and EverBank will significantly bolster TIAA's banking capabilities and form a full-service banking company uniquely positioned to help both companies' customers succeed.

"I am very excited to welcome EverBank to the TIAA team," said Roger W. Ferguson, Jr., president and chief executive officer at TIAA. "EverBank's complementary capabilities and two decades of profitability make this an excellent investment and a great strategic fit for TIAA. Together, we look forward to bringing an enhanced level of service and an expanded range of financial solutions to our millions of loyal customers and the institutions we serve."

TIAA currently offers a variety of savings and lending products to its customers. EverBank's established banking operations will enable TIAA to provide a more comprehensive range of services with an enhanced customer experience. As a trusted, diversified financial services company with a full suite of solutions, including retirement, investment and advisory services, TIAA will be able to support EverBank's customers and help them achieve financial well-being in a more robust way.

"Saving is essential to reaching important life goals. Whether building emergency savings or buying their first home, customers want to turn to a company they trust," said Kathie Andrade, chief executive officer of TIAA's Retail Financial Services business. "Helping our clients succeed throughout their lives is at the heart of TIAA's mission, and the reason our employees come to work each day."

Since its founding more than 20 years ago, EverBank has brought an innovative and forward-thinking approach to banking that offers its clients superior tools and opportunities to understand, manage and grow their money.

“All of us at EverBank are extremely excited about the many new opportunities TIAA will bring for our clients, our associates and the communities we serve,” said Rob Clements, EverBank chairman and chief executive officer. “Our two companies are a great match. We look forward to introducing our unique consumer and commercial banking products to the millions of individuals and the institutions that TIAA serves today, while enhancing the investment and retirement product offerings for our clients. We are also pleased to be joining a company with a long-term focus, a deep commitment to the communities in which it operates and a desire to grow our franchise. This truly is a great new chapter for all EverBank stakeholders.”

This acquisition also gives TIAA a talented employee base and significant business operations in Jacksonville, Florida, and other key markets across the country. TIAA intends to maintain a strong presence and an active role in the Jacksonville community, with the city serving as the combined bank’s headquarters.

Additional Transaction Details

EverBank’s board of directors unanimously approved the transaction following a comprehensive review of the transaction and strategic and financial alternatives. The transaction is subject to closing conditions, including the receipt of regulatory approvals from the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System and the approval by EverBank’s common stockholders, and is expected to close in the first half of 2017.

Certain stockholders, directors and executive officers of EverBank with the power to vote approximately 22% of EverBank's outstanding common stock have entered into voting and support agreements with TIAA to vote in favor of, and otherwise support, the transaction.

The holders of the EverBank's Series A 6.75% Non-Cumulative Perpetual Preferred Stock will have the right to receive the liquidation preference of $25,000 plus accrued and unpaid dividends on a share in cash at closing.

Lazard acted as lead financial advisor and Davis Polk & Wardwell LLP served as legal counsel to TIAA. J.P. Morgan Securities LLC also acted as financial advisor to TIAA.

UBS Investment Bank acted as lead financial advisor to EverBank and Sullivan & Cromwell LLP served as legal counsel to EverBank.

About TIAA

TIAA (TIAA.org) is a unique financial partner. With an award-winning track record for consistent investment performance, TIAA is the leading provider of financial services in the academic, research, medical, cultural and government fields. TIAA has $889 billion in assets under management (as of 6/30/16) and offers a wide range of financial solutions, including investing, banking, advice and guidance, and retirement services.

About EverBank Financial Corp

EverBank Financial Corp, through its wholly-owned subsidiary EverBank, provides a diverse range of financial products and services directly to clients nationwide through multiple business channels. Headquartered in Jacksonville, Florida, EverBank has $27.4 billion in assets and $18.8 billion in deposits as of June 30, 2016. With an emphasis on value, innovation and service, EverBank offers a broad selection of banking, lending and investing products to consumers and businesses nationwide. EverBank provides services to clients through the internet, over the phone, through the mail, at its Florida-based financial centers and at other business offices throughout the country. More information on EverBank can be found at https://about.everbank/investors.

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Additional Information and Where to Find It

This press release may be deemed to be solicitation material in respect of the proposed merger between EverBank Financial Corp and TIAA. In connection with the transaction, EverBank Financial Corp intends to file relevant materials with the Securities and Exchange Commission ("SEC"), including a proxy statement on Schedule 14A. **INVESTORS AND STOCKHOLDERS OF EVERBANK FINANCIAL CORP ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING EVERBANK FINANCIAL CORP'S PROXY STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Investors and stockholders may also obtain copies of the documents, when filed, free of charge at the SEC's website (http://www.sec.gov). Investors and stockholders may also obtain copies of documents filed by EverBank Financial Corp with the SEC by contacting EverBank Financial Corp at Investor Relations, EverBank

Financial Corp, 501 Riverside Ave. 12th Floor, Jacksonville, FL 32202, by email at investorrelations@everbank.com, or by visiting EverBank Financial Corp's website (http://about.everbank/investors/).

Participants in Solicitation

TIAA and EverBank Financial Corp and its directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from the holders of EverBank Financial Corp Common Stock in connection with the proposed transaction. Information about EverBank Financial Corp's directors and executive officers is available in EverBank Financial Corp's proxy statement for its 2016 Annual Meeting of Stockholders, which was filed with the SEC on April 6, 2016. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC regarding the proposed merger when they become available. Investors and stockholders should read the proxy statement carefully when it becomes available before making any investment or voting decisions.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are intended to be protected by the safe harbor provided therein. We generally identify forward-looking statements, particularly those statements regarding the benefits of the proposed Merger between TIAA and EverBank Financial Corp, the anticipated timing of the transaction and the products and markets of each company, by terminology such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "would," "could," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "projects," "strategy," "future," "opportun result" or the negative version of those words or other comparable words. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, you are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict.

A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements in this press release, including, but not limited to: the risk that the Merger may not be completed in a timely manner or at all, which may adversely affect EverBank Financial Corp's business and the price of EverBank Financial Corp Common Stock; required governmental approvals of the Merger may not be obtained or may not be obtained on the terms expected or on the anticipated schedule, and materially burdensome or adverse regulatory conditions may be imposed in connection with any such governmental approvals; EverBank Financial Corp's stockholders may fail to approve the Merger; the parties to the Merger Agreement may fail to satisfy other conditions to the completion of the Merger, or may not be able to meet expectations regarding the timing and completion of the Merger; the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement; the effect of the announcement or pendency of the Merger on EverBank

Financial Corp's business relationships, operating results, and business generally; risks that the proposed Merger disrupts current plans and operations of EverBank Financial Corp and potential difficulties in EverBank Financial Corp employee retention as a result of the Merger; risks related to diverting management's attention from EverBank Financial Corp's ongoing business operations; the outcome of any legal proceedings that may be instituted against EverBank Financial Corp related to the Merger Agreement or the Merger; the amount of the costs, fees, expenses and other charges related to the Merger; the ability of TIAA to successfully integrate EverBank Financial Corp's operations, product lines, and technology; the ability of TIAA to implement its plans, forecasts, and other expectations with respect to EverBank Financial Corp's business after the completion of the proposed merger and realize additional opportunities

for growth and innovation; the impact of changes in interest rates; and political instability. For additional factors that could materially affect our financial results and our business generally, please refer to EverBank Financial Corp's filings with the SEC, including but not limited to, the factors, uncertainties and risks described under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Neither TIAA nor EverBank Financial Corp undertakes any obligation to revise these statements following the date of this press release, except as required by law.

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A message from:

Roger Ferguson	Kathie Andrade
President Chief Executive Officer	Executive Vice President CEO, Retail Financial Services

TIAA to purchase EverBank: Join 1 p.m. ET call today to learn more

To All Employees:

We are excited to share a significant step we're taking to help our customers achieve financial well-being and propel us toward our Vision 2020 objectives. Today we are announcing an agreement to acquire EverBank, a consumer and commercial bank based in Jacksonville, Fla. EverBank offers a wide range of saving and lending products to consumers and businesses nationwide.

The press release will be posted here, and materials for client-facing employees will be available later today on Knowledge Exchange. We also encourage you to join us for an **all-employee call today at 1:00 p.m. ET** to learn more.

How this will benefit TIAA and our customers

Recognizing that saving and borrowing are essential components of financial planning at all life stages, we launched our bank in 2012, as part of our TIAA-FSB organization, based on a simple premise – that customers come first. This acquisition will help reinforce our trusted position as a different kind of financial partner, one that helps everyone achieve their unique definition of success.

Building upon the growth of our bank, EverBank enables us to provide a more comprehensive suite of retail services with an enhanced customer experience. With this transaction, we can accelerate our journey and achieve our goals more quickly and cost-efficiently. EverBank's extensive banking offer will enhance our ability to meet the growing and changing needs of the institutions and individuals we currently serve and attract the next generation of customers, giving people greater service and convenience through the channels they prefer.

EverBank has a strong track record of sustained profitability and growth, and has nearly $27.4 billion in assets and $18.8 billion in deposits as of June 30, 2016. Given the challenging economic environment we face today – including interest rates that have remained much lower for much longer than anticipated – this acquisition will enable us to scale more quickly, bringing new sources of revenue and margins to the firm. Profits from EverBank, as with our other subsidiaries, will contribute to the long-term financial returns of our General Account, which supports our ability to pay dividends to our participants in the years to come.

A great fit for our mission and strategy

To stay true to our mission to serve those who serve others, we must evolve by diversifying our business, growing our customer base and transforming how we operate to provide a simpler, faster and flawless experience. That is what Vision 2020 is all about, and banking is essential to this long-term strategy. Combining the strengths of EverBank and TIAA will help fortify the strength of the organization, so that we can continue to keep our promises to our customers for the next century.

Inorganic growth is a necessary part of Vision 2020, and we are committed to only pursuing transactions that are the right cultural fit for our special organization. Our success with Nuveen, TH Real Estate, GreenWood Resources, Westchester Group, and Kaspick & Co. demonstrates that we can acquire other high-performing organizations with excellence, thanks to the dedicated efforts of our diverse and talented employees who worked so hard to make these transitions go smoothly.

We will continue this tradition with EverBank and are confident that this will be a great investment for TIAA, based on their strong culture and proven track record – more than 20-plus years – of profitability. EverBank is known for its innovation, exceptional service and deep commitment to serving the community and putting the customer first in every interaction. The acquisition brings together two customer-centric companies with a rich history of solid performance and similar values.

What's next

We expect the transaction to close in the first half of 2017, pending the satisfaction of standard regulatory and other obligations. Until then, it is business as usual with no changes for our banking customers. Following the close, our bank and EverBank's operations will be combined to form a full-service banking company. We expect the combined bank to be headquartered in Jacksonville, while TIAA-FSB's Trust division will continue to be headquartered in St. Louis as it is today.

We will ensure that the transition is carefully and thoughtfully planned, with the right team and a rigorous process in place to deliver flawless execution and a seamless customer experience. More details will be provided in the months leading up to the closing. In the meantime, we encourage you to keep doing what you always do – delivering excellence and making a difference for our customers each and every day.

Learn more

To hear more about this important step for the future of our organization, please join the **all-employee call today at 1:00 p.m. ET**.

This is an exciting time for TIAA as we continue on our path to becoming a truly diversified financial services organization, one that is created to serve and built to perform for our current and future customers. It is our employees who make it possible. Thank you for everything you do for TIAA and those we serve.

Sincerely,

Put the Customer First | Value Our People | Act with Integrity | Deliver Excellence | Take Personal Accountability | Operate as One Team

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TIAA Direct Customer Communication

Distribution: All current TIAA Direct customers

On Monday, August 8, TIAA announced plans to join forces with EverBank, one of the most customer-focused and innovative banks in the country. As our customer, whose business we value so greatly, I wanted to personally share this exciting news with you.

Why is this exciting? You've already chosen TIAA for some of your banking needs, and we appreciate your trust in us to help you reach your financial goals. With the addition of EverBank, you'll see a wider range of products and solutions, with enhanced customer service coming from an expanded team of professionals working for you.

When will you see these changes? We expect your new and improved bank to arrive in the first half of 2017. We'll share more about the transition in the coming months, and we'll work to make any changes effortless on your part—managing your hard-earned money should be easy, and that's our first priority.

In the meantime, it's business as usual. You'll see no changes in your accounts or customer service. Our representatives are always eager to hear from our customers at (844) 857-4990. And of course, please visit us online at www.tiaadirect.com.

Thank you for being a part of TIAA, and supporting a different bank for those who make a difference.

Rick

Rick Calero
President and CEO, TIAA-CREF Trust Company, FSB

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

Termination and Amendment

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

Compensation Committee may amend any outstanding award without the approval of the participants affected, except that no such amendment may diminish or impair the value of an award.

Holdings of Previously Awarded Equity

Equity awards held as of December 31, 2011 by each of our named executive officers were issued under our 2000 Plan and 2008 Plan. The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2011:

2011 Outstanding Equity Awards at Fiscal Year-End

	Option Awards				
Name	Number of Securities Underlying Unexercised Options (#) Exercisable		Unexercisable	Option Exercise Price (3) ($)	Option Expiration Date
Steven A. Kriegsman	—	(1)	1,500,000	0.31	12/11/21
President and Chief Executive Officer	250,140	(1)	499,860	1.01	12/14/20
	499,700	(1)	249,300	1.05	12/10/19
	300,000	(1)	—	0.37	11/21/18
	450,000	(1)	—	1.15	4/07/18
	350,000	(1)	—	1.15	4/18/17
	200,000	(1)	—	1.15	6/16/16
	300,000	(1)	—	0.79	5/17/15
	250,000	(2)	—	1.15	6/19/13
	750,000	(2)	—	1.15	6/20/13
John Y. Caloz	—	(1)	200,000	0.31	12/11/21
Chief Financial Officer and Treasurer	16,650	(1)	33,350	1.01	12/14/20
	83,310	(1)	41,690	1.05	12/10/19
	48,610	(1)	1,390	0.30	01/02/19
	50,000	(2)	—	0.37	11/21/18
	25,000	(2)	—	1.15	04/07/18
	25,000	(2)	—	1.15	12/06/17
	75,000	(2)	—	1.15	10/26/17
Daniel Levitt, M.D., Ph.D.	—	(1)	500,000	0.31	12/11/21
Chief Medical Officer	83,400	(1)	166,600	1.01	12/14/20
	361,115	(1)	138,885	1.06	10/11/19
Benjamin S. Levin	—	(1)	250,000	0.31	12/11/21
General Counsel, Vice President — Legal	66,700	(1)	33,300	1.01	12/14/20
Affairs and Secretary	66,650	(1)	33,350	1.05	12/10/19
	100,000	(1)	—	0.37	11/21/18
	100,000	(1)	—	1.15	4/07/18
	100,000	(1)	—	1.15	4/18/17

	90,000	(1)	—	1.15	6/16/16
	150,000	(1)	—	0.79	5/17/15
	160,000	(2)	—	1.15	7/15/14
Scott Wieland, Ph.D.	—	(1)	200,000	0.31	12/11/21
Senior Vice President – Drug Development	66,700	(1)	33,300	1.01	12/14/20
	66,650	(1)	33,350	1.05	12/10/19
	25,000	(2)	—	1.15	11/21/18
	30,000	(2)	—	0.57	07/01/18
	25,000	(2)	—	1.15	12/06/17
	75,000	(2)	—	1.15	4/30/17

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

(2) These options vest in three annual installments, subject to the option holder's remaining in our continuous employ through such dates.

(3) The reported options with prices of $1.15 were re-priced to that exercise price on July 1, 2009.

Option Exercises and Stock Vested

There were no exercises of stock options by any of our named executive officers during 2011.

Employment Agreements and Potential Payment upon Termination or Change in Control

Employment Agreement with Steven A. Kriegsman

Mr. Kriegsman is employed as our Chief Executive Officer and President pursuant to an employment agreement that was amended as of January 2012 to continue through December 31, 2015. The employment agreement will automatically renew in December 2015 for an additional one-year period, unless either Mr. Kriegsman or we elect not to renew it.

Under his employment agreement as amended, Mr. Kriegsman is entitled to receive an annual base salary of $700,000. Our Board of Directors (or its Compensation Committee) will review the base salary annually and may increase (but not decrease) it in its sole discretion. In addition to his annual salary, Mr. Kriegsman is eligible to receive an annual bonus as determined by our Board of Directors (or its Compensation Committee) in its sole discretion, but not to be less than $150,000. Pursuant to his employment agreement with us, we have agreed that he shall serve on a full-time basis as our Chief Executive Officer and President and that he may continue to serve as Chairman of the Kriegsman Group only so long as necessary to complete certain current assignments.

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

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

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

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

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

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

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

Daniel Levitt is employed as our Chief Medical Officer pursuant to an employment agreement dated as of January 1, 2012 that expires on December 31, 2012. Dr. Levitt is entitled under his employment agreement to receive an annual base salary of $450,000 and is eligible to receive an annual bonus as determined by our Board of Directors (or our Compensation Committee) in its sole discretion, but not to be less than 25% of his 2011 base salary. In the event we terminate Dr. Levitt's employment without cause (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to six months' salary under his employment agreement.

Employment Agreement with John Y. Caloz

John Y. Caloz is employed as our Chief Financial Officer and Treasurer pursuant to an employment agreement dated as of January 1, 2012 that expires on December 31, 2012. Mr. Caloz is entitled under his employment agreement to receive an annual base salary of $340,000 and is eligible to receive an annual bonus as determined by our Board of Directors (or our Compensation Committee) in its sole discretion. In the event we terminate Mr. Caloz's employment without cause (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to six months' salary under his employment agreement.

Employment Agreement with Scott Wieland, Ph.D.

Scott Wieland is employed as our Senior Vice President — Drug Development pursuant to an employment agreement dated as of January 1, 2012 that expires on December 31, 2012. Dr. Wieland is paid an annual base salary of $330,000 and is eligible to receive an annual bonus as determined by our Board of Directors (or our Compensation Committee) in its sole discretion. In the event we terminate Dr. Wieland's employment without "cause" (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to six months' base salary.

Employment Agreement with Benjamin S. Levin

Benjamin S. Levin is employed as our Vice President — Legal Affairs, General Counsel and Secretary pursuant to an employment agreement dated as of January 1, 2012 that expires on December 31, 2012. Mr. Levin is paid an annual base salary of $340,000 and is eligible to receive an annual bonus as determined by our Board of Directors (or our Compensation Committee) in its sole discretion. In the event we terminate Mr. Levin's employment without "cause" (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to six months' base salary.

Employment Agreement with Scott Geyer

Scott Geyer is employed as our Senior Vice President — Manufacturing pursuant to an employment agreement dated as of January 1, 2012 that expires on December 31, 2012. Mr. Geyer is paid an annual base salary of $330,000 and is eligible to receive an annual bonus as determined by our Board of Directors (or our Compensation Committee) in its sole discretion. In the event we terminate Mr. Geyer's employment without "cause" (as defined), we have agreed to pay him a lump-sum equal to his accrued but unpaid salary and vacation, plus an amount equal to six months' base salary.

Quantification of Termination Payments and Benefits

The table below reflects the amount of compensation to each of our named executive officers in the event of termination of such executive's employment without "cause" or his resignation for "good reason," termination following a change in control and termination upon the executive's death of permanent disability. The named executive officers are not entitled to any payments other than accrued compensation and benefits in the event of their voluntary resignation or retirement. The amounts shown in the table below assume that such termination was effective as of December 31, 2011, and thus includes amounts earned through such time, and are estimates only of the amounts that would be payable to the executives. The actual amounts to be paid will be determined upon the occurrence of the events indicated.

Termination Payments and Benefits

		Termination w/o Cause or, for Steven A. Kriegsman, for Good Reason				
Name	Benefit	Before Change in Control ($)	After Change in Control ($)	Death ($)	Disability ($)	Change in Control ($)
Steven A. Kriegsman	Severance Payment(4)	1,400,000	1,400,000	1,400,000	1,400,000	—
President and Chief Executive Officer	Stock Options (1)	—	—	—	—	—
	Health Insurance (2)	91,700	91,700	91,700	91,700	91,700
	Life Insurance	10,000	10,000	—	10,000	—
	Bonus	300,000	300,000	300,000	300,000	—
	Tax Gross Up (3)	—	—	—	—	—
John Y. Caloz	Severance Payment(4)	170,000	170,000	—	—	—
Chief Financial Officer	Stock Options (1)	—	—	—	—	—
Daniel Levitt, M.D., Ph.D.	Severance Payment(4)	225,000	225,000	—	—	—
Chief Medical Officer						
Benjamin S. Levin	Severance Payment	170,000	170,000	—	—	—
General Counsel, Vice	Stock Options (1)	—	—	—	—	—
President — Legal Affairs and Secretary						
Scott Wieland, Ph.D.	Severance Payment(4)	165,000	165,000	—	—	—
Senior Vice President – Drug Development	Stock Options (1)	—	—	—	—	—

———————

(1)

Represents the aggregate value of stock options that vest and become exercisable immediately upon each of the triggering events listed as if such events took place on December 31, 2011, determined by the aggregate difference between the stock price as of December 31, 2011and the exercise prices of the underlying options.

(2) Represents the cost as of December 31, 2011 for the family health benefits provided to Mr. Kriegsman for a period of two years.

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

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

Compensation of Directors

We use a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on our Board of Directors. Directors who also are employees of our company currently receive no compensation for their service as directors or as members of board committees. In setting director compensation, we consider the significant amount of time that directors dedicate to the fulfillment of their director responsibilities, as well as the competency and skills required of members of our board. The directors' current compensation schedule has been in place since May 2009. The directors' annual compensation year begins with the annual election of directors at the annual meeting of stockholders. The annual retainer year period has been in place for directors since 2003. Periodically, our Board of Directors reviews our director compensation policies and, from time to time, makes changes to such policies based on various criteria the board deems relevant.

Our non-employee directors receive a quarterly retainer of $6,000 (plus an additional $12,500 for the Chairman of the Board, $5,000 for the Chairman of the Audit Committee, and $1,500 for the Chairmen of the Nomination and Governance Committee and the Compensation Committee), a fee of $3,000 for each board meeting attended ($750 for board actions taken by unanimous written consent), $2,000 for each meeting of the Audit Committee attended, and $1,000 for each other committee meeting attended. Non-employee directors who serve as the chairman of a board committee receive an additional $2,000 for each meeting of the Nomination and Governance Committee or the Compensation Committee attended and an additional $2,500 for each meeting attended of the audit committee. In June 2011, we granted stock options to purchase 50,000 shares of our common stock at an exercise price equal to the current market value of our common stock to each non-employee director. The options were vested, in full, upon grant.

The following table sets forth the compensation paid to our directors other than our Chief Executive Officer for 2011:

Director Compensation Table

Name (1)	Fees Earned or Paid in Cash ($) (2)	Option Awards ($) (3)	Total ($)
Max Link, Ph.D., Chairman	102,250	26,450	128,700
Marvin R. Selter, Vice Chairman	82,250	26,450	108,700
Louis Ignarro, Ph.D., Director	35,250	26,450	61,700
Joseph Rubinfeld, Ph.D., Director	49,250	26,450	75,700
Richard L. Wennekamp, Director	76,250	26,450	102,700

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

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

(3) In June 2011, we granted stock options to purchase 50,000 shares of our common stock at an exercise price equal to the current market value of our common stock to each non-employee director, which had a grant date fair value of $26,450 calculated in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures

related to service-based vesting conditions. The amount recognized for these awards was calculated using the Black Scholes option-pricing model, and reflect grants from our 2000 Long-Term Incentive Plan, which is described in Note 13 of the Notes to Consolidated Financial Statements.

Joseph Rubinfeld, Ph.D. Consulting Agreement

On December 2, 2008, we entered into a written consulting agreement with Joseph Rubinfeld, Ph.D., under which Dr. Rubinfeld agrees to serve as our Chief Scientific Advisor. In exchange, we granted to Dr. Rubinfeld under our 2008 Stock Incentive Plan a ten-year stock option to purchase up to 350,000 shares of our common stock at an exercise price of $0.35 per share, which equaled the market price of our common stock as of the grant date. The fair value of this option grant was $116,900. The stock option vested immediately upon grant as to 50,000 of the option shares and vested as to the remaining option shares in 36 equal monthly installments. We agree in the consulting agreement to pay Dr. Rubinfeld a monthly fee of $1,000. The consulting agreement is terminable at any time by either party upon notice to the other party.

Code of Ethics

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

Board Leadership Structure

Our Board has placed the responsibilities of Chairman with an independent non-employee member of the Board, which we believe provides better accountability between the Board and our management team. We believe it is beneficial to have an independent Chairman whose sole responsibility to us is guiding our Board members as they provide leadership to our executive team. Our Chairman is responsible for communication among the directors; setting the Board meeting agendas in consultation with the President and Chief Executive Officer; and presiding at Board meetings, executive sessions and stockholder meetings. This delineation of duties allows the President and Chief Executive Officer to focus his attention on managing the day-to-day business of the company. We believe this structure provides strong leadership for our Board, while positioning our President and Chief Executive Officer as the leader of the company in the eyes of our employees and other stakeholders.

Board of Directors Role in Risk Oversight

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

PROPOSAL 2

APPROVAL OF AMENDMENT TO THE CYTRX CORPORATION RESTATED CERTIFICATE OF INCORPORATION TO ENABLE OUR BOARD OF DIRECTORS TO EFFECT A REVERSE STOCK SPLIT

Purpose

In order to be eligible for continued listing on The NASDAQ Capital Market, our common stock must trade at a minimum bid price of $1.00 per share in accordance with Marketplace Rule 4310(c). As of the record date for the Annual Meeting, March 23, 2012, the closing price of our common stock was $____ per share. Accordingly, in order to maintain the listing of our common stock on The NASDAQ Capital Market, we intend to effect a reverse split of our common stock on the basis of one share for each approximately eight shares outstanding.

The Delaware General Corporation Law permits a corporation's Board of Directors to effect a reverse stock split within a reasonable period of time following stockholder approval of a reverse stock split within a specific range, as long as the corporation's Board of Directors approves the specific reverse stock split ratio within the range specified. Our Restated Certificate of Incorporation does not currently allow our Board of Directors the power to effect a reverse stock split. To do so, we propose adding a new paragraph at the end of Article [FOURTH] of our Restated Certificate of Incorporation to read as follows:

Upon the effectiveness of the Certificate of Amendment of the Restated Certificate of Incorporation of the corporation adding this paragraph (the "Effective Time"), each three to twelve shares of the corporation's Common Stock, par value $0.001 per share, issued and outstanding immediately prior to the Effective Time shall automatically be combined into one (1) validly issued, fully paid and non-assessable share of Common Stock, par value $0.001 per share, without any further action by the corporation or the holder thereof, the exact ratio within the three-to-twelve range to be determined by the Board of Directors of the corporation prior to the Effective Time and publicly announced by the corporation, subject to the treatment of fractional shares as described below (the "Reverse Stock Split"). No certificates representing fractional shares of Common Stock shall be issued in connection with the Reverse Stock Split and all certificates that otherwise would represent fractional shares shall be rounded up to the next whole share. Each certificate that immediately prior to the Effective Time represented shares of Common Stock ("Old Certificates") shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the elimination of fractional shares as described above.

If our stockholders approve this Proposal No. 2, we plan to promptly file a Certificate of Amendment to our Amended and Restated Certificate of Incorporation, in substantially the form of Annex A to this proxy statement, with the Secretary of State of the State of Delaware and effect a reverse split of the shares of our common stock on the basis of one share for each approximately eight shares outstanding. The reverse stock split, if implemented, would not change the number of authorized shares of common stock or preferred stock or the par value of our common stock or preferred stock. Except for any insignificant changes as a result of the treatment of fractional shares, each stockholder will hold the same percentage of common stock outstanding immediately prior to the reverse stock split as the stockholder did immediately prior to the split.

Although this proxy statement describes our Board of Directors' intention to declare a specific reverse stock split, Proposal 2 is not limited to the specific reverse stock split described in this proxy statement. Our Board of Directors may elect not to effect any reverse stock split, or may effect a reverse stock split at a higher or lower ratio than the approximately one-for-eight ratio described in this proxy statement so long as it is in the range of between 1-for-3 and 1-for-12.

Certain Risks Associated With the Reverse Stock Split

There can be no assurance that the market price per share of our common stock after the reverse stock split (the "New Shares") will rise or remain constant in proportion to the reduction in the number of shares of our common stock outstanding before the reverse stock split (the "Old Shares") or maintain a high enough per share trading price to maintain The NASDAQ Capital Market listing in the future.

The market price of our common stock will also be based on our performance and other factors, some of which are unrelated to the number of shares outstanding. If the reverse stock split is effected and the market price of our common stock declines, the percentage decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of a reverse stock split. In certain cases, both the total market capitalization of a company and the market price of a share of such company's common stock following a reverse stock split are lower than they were before the reverse stock split. Furthermore, the liquidity of our common stock could be adversely affected by the reduced number of shares that would be outstanding after the reverse stock split.

Principal Effects of the Reverse Stock Split

Corporate Matters. If approved and effected, the reverse stock split would have the following effects:

- the Old Shares owned by a stockholder would be converted automatically into the New Shares;
- the number of shares of our common stock issued and outstanding will be reduced proportionately based on the reverse stock split ratio;
- based on the reverse stock split ratio, proportionate adjustments will be made to the per share exercise price and the number of shares issuable upon the exercise of all outstanding options and warrants to purchase shares of our common stock, which will result in approximately the same aggregate exercise price being required to be paid upon exercise of such options and warrants after the reverse stock split as immediately before the reverse stock split;
- unless the Amendments to our 2008 Plan described in Proposal 3 and Proposal 4 are approved at the Annual Meeting, the current maximum number of shares that may be issued under the 2008 Plan and the current Section 162(m) limitation under the 2008 Plan will be reduced proportionately based on the reverse stock split ratio.

If Proposal 2 is approved and the reverse stock split is effected, the reverse stock split will be effected simultaneously for all of our common stock and the ratio will be the same for all of our common stock. The reverse stock split will affect all our stockholders in the same way.

Fractional Shares. No scrip or fractional certificates will be issued in connection with the reverse stock split. All such shares will be rounded up to the next whole share.

Odd Lots. If approved and effected, the reverse stock split will result in some stockholders owning “odd lots” of less than 100 shares of our common stock. Brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in “round lots” of even multiples of 100 shares.

Authorized Shares. Upon the effectiveness of the reverse stock split, because the number of authorized shares of common stock in our Amended and Restated Certificate of Incorporation will not change, the number of authorized shares of common stock that are not issued or outstanding (and are therefore available for future issuance) would increase due to the reduction in the number of shares of our common stock issued and outstanding resulting from the reverse stock split. As of the record date, we had 250,000,000 shares of common stock authorized and 148,427,069 shares of common stock issued and outstanding. Authorized but unissued common stock will be available for future issuance, and we may issue such shares in financings or otherwise. If we issue additional shares, the ownership interest of holders of our common stock may be diluted.

The reverse stock split will not affect our authorized shares of preferred stock or the number of shares of preferred stock designated as Series A Junior Participating Preferred Stock. Any future issuance of preferred shares may have rights, preferences or privileges senior to those of our common stock.

2008 Plan Share Limitation. If the amendments to the 2008 Plan described in Proposal 3 and Proposal 4 are approved at the Annual Meeting, the aggregate number of shares of our common stock subject to the 2008 Plan and the Section 162(m) limitation under the 2008 Plan will increase relative to the outstanding shares of our common stock, because upon the effectiveness of the reverse stock split the number of outstanding shares of our common stock will be reduced based on the reverse stock split ratio.

Accounting Matters. The reverse stock split will not affect the par value of our common stock. As a result, as of the effective time of the reverse stock split, the stated capital on our balance sheet attributable to common stock will be reduced proportionately based on the reverse stock split ratio, and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. The per share net income or loss and net book value of our common stock for past financial periods will be conformed accordingly.

Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates

If the stockholders approve Proposal 2, our Board of Directors, in its discretion, will determine whether to file the Certificate of Amendment to our Amended and Restated Articles of Incorporation with the Secretary of State of the State of Delaware and effect the reverse stock split. Beginning at the effective time, each certificate representing Old Shares will be deemed for all corporate purposes to evidence ownership of New Shares.

Dissenters' Rights

Under Delaware Law, our stockholders are not entitled to dissenters' rights with respect to the reverse stock split, and we will not independently provide stockholders with any such right.

Federal Income Tax Consequences of the Reverse Stock Split

The following is a summary of certain material federal income tax consequences of the reverse stock split, does not purport to be a complete discussion of all of the possible federal income tax consequences of the reverse stock split and is included for general information only. Further, it does not address any state, local or foreign income or other tax consequences. Also, it does not address the tax consequences to holders that are subject to special tax rules, such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, nonresident alien individuals, broker-dealers and tax-exempt entities. The discussion is based on the provisions of the United States federal income tax law as of the date hereof, which is subject to change retroactively as well as prospectively. This summary also assumes that the Old Shares were, and the New Shares will be, held as a "capital asset," as defined in the Internal Revenue Code of 1986, as amended (i.e., generally, property held for investment). The tax treatment of a stockholder may vary depending upon the particular facts and circumstances of such stockholder. Each stockholder is urged to consult with such stockholder's own tax advisor with respect to the tax consequences of the reverse stock split.

No gain or loss should be recognized by a stockholder upon such stockholder's exchange of Old Shares for New Shares pursuant to the reverse stock split. The aggregate tax basis of the New Shares received in the reverse stock split will be the same as the stockholder's aggregate tax basis in the Old Shares exchanged therefore. The stockholder's holding period for the New Shares will include the period during which the stockholder held the Old Shares surrendered in the reverse stock split.

Our view regarding the tax consequences of the reverse stock split is not binding on the Internal Revenue Service or the courts. Accordingly, each stockholder should consult with his or her own tax advisor with respect to all of the potential tax consequences to him or her of the reverse stock split.

Vote Required

Proposal 2 will be approved if a quorum is present at the Annual Meeting and Proposal 2 receives the affirmative vote of a majority of outstanding shares of our common stock.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO ENABLE OUR BOARD OF DIRECTORS TO EFFECT A REVERSE STOCK SPLIT.

PROPOSALS 3 AND 4

APPROVAL OF FIRST AND SECOND AMENDMENTS TO THE CYTRX CORPORATION 2008 STOCK INCENTIVE PLAN

On November 21, 2008, our Board of Directors adopted the CytRx Corporation 2008 Stock Incentive Plan, which we refer to as the "2008 Plan." The adoption of the 2008 Plan was approved by our stockholders at the 2009 annual meeting of stockholders held on July 1, 2009.

On March 22, 2012, our Board of Directors, adopted, subject to approval by our stockholders, amendments to the 2008 Plan to (i) fix the aggregate number of shares of our common stock subject to the 2008 Plan at 5,000,000 shares and (ii) fix the limitation on awards of stock options during any twelve-month period to any one participant, which we refer to as the "Section 162(m) limitation," at 500,000 shares, in each case, subject to and after giving effect the reverse stock split described in Proposal 2. We are asking for your approval of these two amendments, which are presented separately. The amendments also are subject to the approval of Proposal 2 regarding the reverse stock split as described below.

Copies of the amendments are included as Annexes B and C, respectively, to this Proxy Statement. The amendments make no other changes to the 2008 Plan.

Proposal 3 - First Amendment to 2008 Plan

As of March 22, 2012, there were approximately 6.1 million shares previously issued or subject to outstanding awards under the 2008 Plan and approximately 3.9 million shares were available for future issuance under the 2008 Plan.

The first amendment to the 2008 Plan fixes the aggregate number of shares of our common stock set aside and reserved for issuance under the 2008 Plan at 5,000,000 shares, including shares previously issued or subject to the outstanding awards under the 2008 Plan, after giving effect to the reverse stock split described in Proposal 2. This first amendment to the 2008 Plan will become effective, subject to stockholder approval of this Proposal 3, only if Proposal 2 relating to the reverse stock split also is approved by our shareholders and our Board of Directors effects the reverse stock split. If our stockholders approve this first amendment to the 2008 Plan and Proposal 2 also is approved, we may make awards of the additional shares under the 2008 Plan as described below.

If our stockholders do not approve this Proposal 3, or if our stockholders approve this Proposal 3 but not Proposal 2, we will not implement this first amendment to the 2008 Plan. If Proposal 2 is approved and our Board of Directors effects the reverse stock split as described in Proposal 2, but this Proposal 3 is not approved, the 10,000,000 aggregate number of shares currently subject to the 2008 Plan will be reduced proportionately based on the reverse stock split ratio.

Our Board of Directors believes that the grant of options and other stock awards is an important incentive for the Company's employees, officers and directors. Our board anticipates, therefore, that our needs under the 2008 Plan over the next several years will exceed the number of shares of common stock that would be available after giving effect to the reverse stock split, bearing in mind that, unless this Proposal 3 is approved, the number of shares available for future issuance under the 2008 Plan will be reduced proportionately if Proposal 2 relating to the reverse stock split is approved and our Board of Directors effects the reverse stock split. The effect of this first amendment to the 2008 Plan will be to increase the aggregate number of shares of our common stock that otherwise would be subject to the 2008 Plan after the reverse stock split. The exact number of increased shares cannot be specified, because the specific reverse stock split ratio has not been determined. As an example, however, based on a reverse stock split ratio of 1-for-5, the aggregate number of shares subject to the 2008 Plan would become 2,000,000 (i.e., 10,000,000

divided by 5) as a result of the reverse stock split without giving effect to the adoption of this Proposal 3. If this Proposal 3 is approved, however, the aggregate number of shares subject to the 2008 Plan would be fixed at 5,000,000 shares after giving effect to the reverse stock split. This would represent an increase of 3,000,000 shares subject to the 2008 Plan based on the foregoing 1-for-5 reverse stock split ratio as an example.

The complete text of this first amendment to our 2008 Plan is attached as Annex B to this proxy statement.

Proposal 4 – Second Amendment to 2008 Plan

At present under the 2008 Plan, the maximum number of shares subject to stock options that may be awarded under the 2008 Plan in any twelve-month period to any one participant, which we refer to as the “Section 162(m) limitation,” is 1,000,000 shares.

The second amendment to the 2008 Plan fixes the Section 162(m) limitation at 500,000 shares after giving effect to the reverse stock split.

The purpose of this amendment is to afford us additional flexibility under the Plan to make grants of stock options without limiting the deductibility of the non-cash expense associated with stock option awards in excess of the current Section 162(m) limitation, bearing in mind that, unless this Proposal 4 is approved, the number of shares subject to the Section 162(m) limitation will be reduced proportionately if Proposal 2 relating to the reverse stock split is approved and our Board of Directors effects the reverse stock split.

This second amendment to the 2008 Plan will become effective only if our stockholders approve this amendment and if Proposal 2 also is approved and our Board of Directors effects the reverse stock split.

If our stockholders do not approve this Proposal 4, or if Proposal 2 is not approved, we will not implement this second amendment to the 2008 Plan. This means that if Proposal 2 is approved and our Board of Directors effects the reverse stock split as described in Proposal 2, but this Proposal 4 is not approved, the Section 162(m) limitation under the 2008 Plan will be reduced proportionately based on the reverse stock split ratio.

The effect of this second amendment to the 2008 Plan will be to increase the number of shares that otherwise would be subject to the Section 162(m) limitation after the reverse stock split. The exact number of increased shares cannot be specified, because the specific reverse stock split ratio has not been determined. As an example, however, based on a reverse stock split ratio of 1-for-5, the number of shares subject to the Section 162(m) limitation would become 200,000 (i.e., 1,000,000 divided by 5) as a result of the reverse stock split without giving effect to the adoption of this Proposal 4. If this Proposal 4 is approved, however, the number of shares subject to the Section 162(m) limitation would be fixed at 500,000 shares after giving effect to the reverse stock split. This would represent an increase of 300,000 shares subject to the Section 162(m) limitation based on the foregoing 1-for-5 reverse stock split ratio as an example.

New (Amended) Plan Benefits

The table below presents the number of shares of our common stock underlying options that have been previously granted under the 2008 Plan to our current executive officers, current other employees and current non-executive directors:

Number of Shares of Common Stock Underlying Options Granted

Name and Position	Number of Shares of Common Stock Underlying Options Granted
Steven A. Kriegsman, President and Chief Executive Officer and Director	3,000,000
John Y. Caloz, Chief Financial Officer	250,000
Benjamin S. Levin, General Counsel, Vice President – Legal Affairs and Corporate Secretary	350,000
Dan Levitt, M.D., Ph.D., Chief Medical Officer	750,000
Scott Geyer, Senior Vice President, Manufacturing	250,000
Scott Wieland, Ph.D., Vice President, Clinical and Regulatory Affairs	300,000
Max Link, Director	50,000

Marvin Selter, Director	50,000
Louis Ignarro, Ph.D., Director	50,000
Joseph Rubinfeld, Ph.D., Director	400,000

Richard Wennekamp, Director	50,000
Executive Officer Group	4,900,000
Non-Executive Director Group	600,000
Non-Executive Officer Employees Group	443,000

Purpose

Our Board of Directors adopted the 2008 Plan to provide a means by which employees, directors and consultants of CytRx and our affiliates may be given an opportunity to benefit from increases in value of our common stock, to assist in attracting and retaining the services of such persons, to bind the interests of eligible recipients more closely to our own interests by offering them opportunities to acquire common stock and to afford such persons stock-based compensation opportunities that are competitive with those afforded by similar businesses. All of our approximately 15 current employees, directors and consultants are eligible to participate in the 2008 Plan.

Administration

Unless it delegates administration to a committee as described below, our Board will administer the 2008 Plan. Subject to the provisions of the 2008 Plan, the Board has the power to construe and interpret the 2008 Plan and to determine the persons to whom and the dates on which awards will be granted, what types or combinations of types of awards will be granted, the number of shares of common stock to be subject to each award, the time or times during the term of each award within which all or a portion of such award may be exercised, the exercise price or purchase price of each award, the types of consideration permitted to exercise or purchase each award and other terms of the awards. Moreover, notwithstanding anything to the contrary in the 2008 Plan, the Board has no authority to: (i) reprice any outstanding Stock Awards under the 2008 Plan, (ii) cancel and re-grant any outstanding Stock Awards under the 2008 Plan; or (iii) effect any other action that is treated as a repricing for financial accounting purposes.

The Board has the power to delegate administration of the 2008 Plan to a committee composed of one or more directors. In the discretion of the Board, a committee may consist solely of two or more "Outside Directors" or two or more "Non-Employee Directors" (as such terms are defined in the 2008 Plan). Within the scope of such authority, the Board or the committee may (1) delegate to a committee of one or more directors who are not Outside Directors the authority to grant awards to eligible persons who are either (a) not then "Covered Employees" (as such term is defined in the 2008 Plan) and are not expected to be Covered Employees at the time of recognition of income resulting from such Stock Award or (b) not persons with respect to whom CytRx wishes to comply with Section 162(m) of the Code or (2) delegate to a committee of one or more directors who are not Non-Employee Directors the authority to grant awards to eligible persons who are not then subject to Section 16 of the Securities Exchange Act of 1934.

Our Board has delegated administration of the 2008 Plan to the Compensation Committee of the Board. As used in this section with respect to the 2008 Plan, references to the "Board" include the Compensation Committee or any other committee to which the Board has delegated administration of the 2008 Plan.

Stock Subject to the 2008 Plan

Subject to the provisions of subsection 11(a) of the 2008 Plan relating to adjustments upon changes in common stock, an aggregate of 10,000,000 shares of common stock currently is set aside and reserved for issuance pursuant to outstanding awards under the 2008 Plan or future awards under the 2008 Plan. If the first amendment to the 2008 Plan described in Proposal 3 is approved at the Annual Meeting, subject to the approval of Proposal 2 relating to the reverse stock split, the aggregate number of shares of common stock set aside and reserved for issuance under the 2008 Plan will be fixed at 5,000,000 shares after giving effect to the reverse stock split.

If awards granted under the 2008 Plan expire or otherwise terminate without being exercised in full, the shares of common stock not acquired pursuant to such awards will again become available for issuance under the 2008 Plan. If shares of common stock issued pursuant to awards under the 2008 Plan are forfeited to or repurchased by us, the forfeited or repurchased stock will again become available for issuance under the 2008 Plan.

If shares of common stock subject to an award are not delivered to a participant because such shares are withheld for payment of taxes incurred in connection with the exercise of an option, or the issuance of shares under a stock bonus award or restricted stock award, or the award is exercised through a reduction of shares subject to the award ("net exercised"), then the number of shares that are not delivered will not again be available for issuance under the 2008 Plan. In addition, if the exercise price of any award is satisfied by the tender of shares of common stock to us (whether by actual delivery or attestation), the shares tendered will not again be available for issuance under the 2008 Plan.

Eligibility

Incentive stock options may be granted under the 2008 Plan only to employees of CytRx and its affiliates. Employees, directors and consultants of both CytRx and its affiliates are eligible to receive all other types of awards under the 2008 Plan.

No incentive stock option may be granted under the 2008 Plan to any person who, at the time of the grant, owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of CytRx or any affiliate of CytRx, unless the exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and the term of the option does not exceed five years from the date of grant. In addition, the aggregate fair market value, determined at the time of grant, of the shares of common stock with respect to which incentive stock options are exercisable for the first time by any optionholder during any calendar year (under the 2008 Plan and any other such plans of CytRx and its affiliates) may not exceed $100,000.

Subject to the provisions of Section 11 of the 2008 Plan relating to adjustments upon changes in the shares of common stock, no employee may be granted options under the 2008 Plan exercisable for more than 1,000,000 shares of common stock during any twelve-month period, which we refer to as the "Section 162(m) limitation." If the second amendment to the 2008 Plan described in Proposal 4 is approved at the Annual Meeting, subject to the approval of Proposal 2 relating to the reverse stock split, the Section 162(m) limitation will be fixed at 500,000 shares of common stock after giving effect to the reverse stock split.

A consultant is not eligible for the grant of a Stock Award if, at the time of grant, a Form S-8 Registration Statement under the Securities Act of 1933 is not available to register either the offer or the sale of our securities to such consultant because of the nature of the services that the consultant is providing to us, or because the consultant is not a natural person, or as otherwise provided by the rules governing the use of Form S-8, unless we determine both (i) that such grant (A) shall be registered in another manner under the Securities Act or (B) does not require registration under the Securities Act in order to comply with the requirements of the Securities Act, if applicable, and (ii) that such grant complies with the securities laws of all other relevant jurisdictions.

Terms of Options

Options may be granted under the 2008 Plan pursuant to stock option agreements. The following is a description of the permissible terms of options under the 2008 Plan. Individual option grants may be more restrictive as to any or all of the permissible terms described below.

Exercise Price; Payment

The exercise price of incentive stock options may not be less than the fair market value of the common stock subject to the option on the date of the grant and, in some cases (see "Eligibility" above), may not be less than 110% of such fair market value. The exercise price of nonstatutory options may not be less than the fair market value of the common stock subject to the option on the date of grant.

The exercise price of options granted under the 2008 Plan must be paid either in cash at the time the option is exercised or, at the discretion of the Board, (i) by delivery of other CytRx common stock, (ii) pursuant to a deferred payment arrangement, (iii) pursuant to a net exercise arrangement, (iv) pursuant to a cashless exercise as permitted under applicable rules and regulations of the Securities and Exchange Commission and the Federal Reserve Board, or (v) in any other form of legal consideration acceptable to the Board.

Vesting

Options granted under the 2008 Plan may become exercisable in cumulative increments, or “vest,” as determined by the Board. Our Board has the power to accelerate the time as of which an option may vest or be exercised.

Tax Withholding

To the extent provided by the terms of an option agreement, a participant may satisfy any federal, state or local tax withholding obligation relating to the exercise of such option by a cash payment upon exercise, by authorizing CytRx to withhold a portion of the stock otherwise issuable to the participant, by delivering already-owned CytRx common stock or by a combination of these means.

Term

The maximum term of options under the 2008 Plan is ten years, except that in certain cases (see “Eligibility”) the maximum term is five years. Options awarded under the 2008 Plan generally will terminate three months after termination of the participant’s service unless: (i) such termination is due to the participant’s permanent and total disability (as defined in the Code), in which case the option may, but need not, provide that it may be exercised (to the extent the option was exercisable at the time of the termination of service) at any period of time ending on the earlier of 12 months following such termination, or the expiration of the term of the option as set forth in the option agreement; (ii) the participant dies before the participant's service has terminated or within the period (if any) specified in the stock option agreement after termination of such service for a reason other than death, in which case the option may, but need not, provide that it may be exercised (to the extent the option was exercisable at the time of the participant’s death), by the person or persons to whom the rights to such option pass by will or by the laws of descent and distribution, within the period ending on the earlier of the date 18 months following the participant’s death or the expiration of the term of the option as set forth in the option agreement; or (iii) the option, by its terms, specifically provides otherwise. A participant may designate a beneficiary who may exercise the option following the participant’s death. Individual option grants by their terms may provide for exercise within a longer period of time following termination of service.

A participant’s option agreement may provide that if the exercise of the option following the termination of the participant’s service would be prohibited because the issuance of stock would violate the registration requirements under the Securities Act of 1933, then the option will terminate on the earlier of (i) the expiration of the term of the option or (ii) three months after the termination of the participant’s service during which the exercise of the option would not be in violation of such registration requirements.

Restrictions on Transfer

The participant may not transfer an incentive stock option otherwise than by will or by the laws of descent and distribution. During the lifetime of the participant, only the participant may exercise an incentive stock option. The Board may grant nonstatutory stock options that are transferable to the extent provided in the stock option agreement. Otherwise, the same restrictions on transfer applicable to incentive stock options apply to nonstatutory stock options.

Terms of Stock Bonus Awards and Restricted Stock Awards

Stock bonus awards may be granted under the 2008 Plan pursuant to stock bonus agreements. Restricted stock awards may be granted under the 2008 Plan pursuant to restricted stock purchase agreements.

Payment

Our Board determines the purchase price under a restricted stock purchase agreement, but the purchase price may not be less than the par value, if any, of the common stock on the date such award is made or at the time the purchase is consummated. Our Board may award stock bonuses in consideration of past services without a purchase payment.

The purchase price of stock acquired pursuant to a restricted stock purchase agreement under the 2008 Plan must be paid either in cash at the time of purchase or, at the discretion of the Board, (i) pursuant to a deferred payment arrangement or (ii) in any other form of legal consideration acceptable to the Board; provided, however, that payment of the par value of the restricted stock may not be made by deferred payment.

Vesting

Shares of stock awarded under the stock bonus agreement may, but need not, be subject to a repurchase option in favor of CytRx in accordance with a vesting schedule as determined by the Board. Unless the stock bonus agreement provides otherwise, all shares subject to the agreement will become fully vested upon the occurrence of a "Corporate Transaction" (as such term is defined in the 2008 Plan) pursuant to subsection 11(c) of the 2008 Plan. Shares of stock acquired under the restricted stock purchase agreement may, but need not, be subject to forfeiture to CytRx or be subject to other restrictions that will lapse in accordance with a vesting schedule to be determined by the Board. Unless the stock purchase agreement otherwise provides, all restricted shares subject to the agreement will become fully vested upon the occurrence of a Corporate Transaction pursuant to subsection 11(c) of the 2008 Plan.

The Board has the power to accelerate the vesting of stock acquired pursuant to a restricted stock purchase agreement under the 2008 Plan.

Termination of Service

Upon termination of a participant's service, CytRx may reacquire any shares of stock that have not vested as of such termination under the terms of the stock bonus agreement. CytRx will not exercise its repurchase option until at least six months (or such longer or shorter period of time required to avoid a change to earnings for financial accounting purposes) have elapsed following receipt of the stock bonus unless otherwise specifically provided in the stock bonus agreement.

Upon termination of a participant's service, any or all of the shares of common stock held by the participant that have not vested as of the date of termination under the terms of the restricted stock purchase agreement will be forfeited to CytRx in accordance with the restricted stock purchase agreement.

Restrictions on Transfer

Rights under a stock bonus agreement or restricted stock purchase agreement may not be transferred, except where such transfer is expressly authorized by the terms of the applicable stock bonus agreement or restricted stock purchase agreement.

Adjustment Provisions

At present under the 2008 Plan, if any change is made to the outstanding shares of common stock without CytRx's receipt of consideration (whether through merger, consolidation, reorganization, stock dividend or stock split, or other specified change in the capital structure of the Company), appropriate adjustments will be made in the class and maximum number of shares of common stock subject to the 2008 Plan and outstanding awards. In any such event, the 2008 Plan will be appropriately adjusted in the class and maximum number of shares of common stock subject to the 2008 Plan and the Section 162(m) limitation, and outstanding awards will be adjusted in the class, number of shares and price per share of common stock subject to such awards.

Effect of Certain Corporate Transactions

In the event of (i) a sale, lease or other disposition of all or substantially all of CytRx's capital stock or assets, (ii) a merger or consolidation of CytRx in which CytRx is not the surviving corporation or (iii) a reverse merger in which CytRx is the surviving corporation but the shares of common stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, any surviving or acquiring corporation may assume awards outstanding under the 2008 Plan or may substitute similar

awards. Unless the stock award agreement otherwise provides, in the event any surviving or acquiring corporation does not assume such awards or substitute similar awards, then the awards will terminate if not exercised at or prior to such event.

The 2008 Plan provides that, in the event of a dissolution or liquidation of CytRx, all outstanding awards under the 2008 Plan will terminate prior to such event and shares of bonus stock and restricted stock subject to CytRx's repurchase option or to forfeiture may be repurchased by CytRx or forfeited, notwithstanding whether the holder of such stock is still providing services to CytRx.

Duration, Amendment and Termination

The Board may suspend or terminate the 2008 Plan without stockholder approval or ratification at any time or from time to time. Unless sooner terminated, the 2008 Plan will terminate on November 20, 2018.

The Board may amend the 2008 Plan at any time, and from time to time. However, except as provided in Section 11 of the 2008 Plan relating to adjustments upon changes in common stock, no amendment will be effective unless approved by our stockholders to the extent stockholder approval is necessary to satisfy the requirements of Section 422 of the Code, Rule 16b-3 under the Securities Exchange Act of 1934 or any securities exchange listing requirements. The amendments to the 2008 Plan described in Proposal 3 and Proposal 4 are being submitted to our stockholders in accordance with the 2008 Plan in order to satisfy applicable listing standards of The NASDAQ Capital Market and the requirements of Section 422 of the Code.

Our Board may submit any other amendment to the 2008 Plan for stockholder approval, including, but not limited to, amendments intended to satisfy the requirements of Section 162(m) of the Code regarding the exclusion of performance-based compensation from the limitation on the deductibility of compensation paid to certain executive officers.

Federal Income Tax Information

The following is a summary of the principal United States federal income tax consequences to the participant and us with respect to participation in the 2008 Plan. This summary is not intended to be exhaustive, and does not discuss the income tax laws of any city, state or foreign jurisdiction in which a participant may reside.

Incentive Stock Options

There will be no federal income tax consequences to either us or the participant upon the grant of an incentive stock option. Upon exercise of the option, the excess of the fair market value of the stock over the exercise price (the "spread") will be added to the alternative minimum tax base of the participant unless a disqualifying disposition is made in the year of exercise. A disqualifying disposition is the sale of the stock prior to the expiration of two years from the date of grant and one year from the date of exercise. If the shares of common stock are disposed of in a disqualifying disposition, the participant will realize taxable ordinary income in an amount equal to the spread at the time of exercise, and we will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation) to a federal income tax deduction equal to such amount. If the participant sells the shares of common stock after the specified periods, the gain or loss on the sale of the shares will be long-term capital gain or loss and we will not be entitled to a federal income tax deduction.

Nonstatutory Stock Options, Restricted Stock Purchase Awards and Stock Bonuses

Nonstatutory stock options, restricted stock purchase awards and stock bonuses granted under the 2008 Plan generally have the following federal income tax consequences.

There are no tax consequences to the participant or us by reason of the grant. Upon acquisition of the stock, the participant will recognize taxable ordinary income equal to the excess, if any, of the stock's fair market value on the acquisition date over the purchase price. However, to the extent the stock is subject to "a substantial risk of forfeiture" (as defined in Section 83 of the Code), the taxable event will be delayed until the forfeiture provision lapses unless the participant elects to be taxed on receipt of the stock by making a Section 83(b) election within 30 days of receipt of the stock. If such election is not made, the participant generally will recognize income as and when the forfeiture provision lapses, and the income recognized will be based on the fair market value of the stock on such future date. On that date, the participant's holding period for purposes of determining the long-term or short-term nature of any capital gain or loss recognized on a subsequent disposition of the stock will begin. If a participant makes a Section 83(b) election, the participant will recognize ordinary income equal to the difference between the stock's fair market value and the purchase price, if any, as of the date of receipt and the holding period for purposes of characterizing as long-term or short-term any subsequent gain or loss will begin at the date of receipt.

With respect to employees, we are generally required to withhold from regular wages or supplemental wage payments an amount based on the ordinary income recognized. Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a business expense deduction equal to the taxable ordinary income realized by the participant.

Upon disposition of the stock, the participant will recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for such stock plus any amount recognized as ordinary income with respect to the stock. Such gain or loss will be long-term or short-term depending on whether the stock has been held for more than one year.

Stock Bonus Awards

Upon receipt of a stock bonus award, the participant will recognize ordinary income equal to the excess, if any, of the fair market value of the shares on the date of issuance over the purchase price, if any, paid for those shares. We will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code, and the satisfaction of a tax reporting obligation) to a corresponding income tax deduction in the tax year in which such ordinary income is recognized by the participant.

However, if the shares issued upon the grant of a stock bonus award are unvested and subject to reacquisition or repurchase by CytRx in the event of the participant's termination of service prior to vesting in those shares, the participant will not recognize any taxable income at the time of issuance, but will have to report as ordinary income, as and when CytRx's reacquisition or repurchase right lapses, an amount equal to the excess of the fair market value of the shares on the date the reacquisition or repurchase right lapses over the purchase price, if any, paid for the shares. The participant may, however, elect under Section 83(b) of the Code to include as ordinary income in the year of issuance an amount equal to the excess of the fair market value of the shares on the date of issuance, over the purchase price, if any, paid for such shares. If the Section 83(b) election is made, the participant will not recognize any additional income as and when the reacquisition or repurchase right lapses.

Upon disposition of the stock acquired upon the receipt of a stock bonus award, the participant will recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for such stock plus any amount recognized as ordinary income upon issuance (or vesting) of the stock. Such gain or loss will be long-term or short-term depending on whether the stock was held for more than one year.

Potential Limitation on Company Deductions

Section 162(m) of the Code denies a deduction to any publicly held corporation for compensation paid to a Covered Employee in a taxable year to the extent that compensation to such Covered Employee exceeds $1 million. It is possible that compensation attributable to awards, when combined with all other types of compensation received by a Covered Employee from CytRx, may cause this limitation to be exceeded in any particular year.

Certain kinds of compensation, including qualified "performance-based compensation," are disregarded for purposes of the deduction limitation. In accordance with Treasury Regulations issued under Section 162(m), compensation attributable to stock options will qualify as performance-based compensation if the award is granted by a committee solely comprising Outside Directors and, among other things, the plan contains a per-employee limitation on the number of shares for which such awards may be granted during a specified period, the per-employee limitation is approved by the stockholders, and the exercise price of the award is no less than the fair market value of the stock on the date of grant. The 2008 Plan is designed to comply with this exception from the deduction limitation under Section 162(m).

Awards to purchase restricted stock and stock bonus awards under the 2008 Plan will not qualify as performance-based compensation under the Treasury Regulations issued under Section 162(m).

Relationship Among Proposals 2, 3 and 4

The first and second amendments to the 2008 Plan described in Proposals 3 and 4, if approved at the Annual Meeting, will be dependent upon stockholder approval of Proposal 2, and will not become effective or be implemented unless they are approved by our stockholders and Proposal 2 also is approved and the reverse stock split is effected by our Board of Directors. Proposals 3 and 4 are being presented separately for approval by our stockholders, and the approval or rejection of either of the Proposals will not affect the other Proposal.

OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” APPROVAL OF THE FIRST AND SECOND AMENDMENTS TO THE CYTRX CORPORATION 2008 STOCK INCENTIVE PLAN DESCRIBED IN PROPOSALS 3 AND 4.

PROPOSAL 5

ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") entitles our stockholders to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules.

Please refer to the discussion under "Executive Compensation" for a description of the compensation of our named executive officers.

We are asking for stockholder approval of the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with SEC rules, which include the compensation disclosed under "Executive Compensation—Compensation Discussion and Analysis," the compensation tables and the related narrative discussion following the compensation tables. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the compensation policies and practices described in this Proxy Statement.

This vote is advisory in nature and therefore not binding on us, our Compensation Committee or our Board of Directors. Our Board and our Compensation Committee, however, value the opinions of our stockholders. To the extent there is any significant vote against the named executive officer compensation as disclosed in this Proxy Statement, we will consider the stockholders' concerns, and our Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Vote Required

The affirmative vote of a majority of the shares of our common stock present in person or represented by proxy and entitled to be voted on this proposal at the Annual Meeting is required for advisory approval of the proposal.

Recommendation of the Board of Directors

OUR BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.

PROPOSAL 6

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Appointment of BDO USA, LLP

BDO currently serves as our independent registered public accounting firm and has audited our financial statements for each of the years ended December 31, 2009, 2010 and 2011. BDO does not have and has not had any financial interest, direct or indirect, in CytRx, and does not have and has not had any connection with CytRx except in its professional capacity as our independent auditors.

Our Audit Committee has reappointed BDO to serve as our independent registered public accounting firm for the year ending December 31, 2012. The ratification by our stockholders of the appointment of BDO is not required by law or by our Restated Bylaws. Our Board of Directors, consistent with the practice of many publicly held corporations, is nevertheless submitting this appointment for ratification by the stockholders. If this appointment is not ratified at the Annual Meeting, the Audit Committee intends to reconsider its appointment of BDO. Even if the appointment is ratified, the Audit Committee in its sole discretion may direct the appointment of a different independent registered public accounting firm at any time during the fiscal year if the Committee determines that such a change would be in the best interests of CytRx and its stockholders.

Any material non-audit services to be provided by BDO are subject to the prior approval of the Audit Committee. 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 independent registered public accounting firm's independence and there are cost or other efficiencies in obtaining such services from the independent registered public accounting firm as compared to other possible providers.

We expect that representatives of BDO will be present at the Annual Meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

Audit Fees

The fees for 2011 and 2010 from BDO for professional services rendered for the audit of our annual consolidated financial statements and internal controls over financial reporting, quarterly and S-3 reviews were $347,000 and $343,100, respectively.

Tax Fees

The aggregate fees billed by BDO for professional services for tax compliance, tax advice and tax planning were $23,325 and $54,125 for 2011 and 2010, respectively.

All Other Fees

No other services were rendered by BDO for 2011 or 2010.

Pre-Approval Policies and Procedures

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

our Audit Committee. Our Audit Committee pre-approved all services, audit and non-audit, provided to us by BDO for 2011 and 2010.

Vote Required

The affirmative vote of a majority of the shares of our common stock present in person or represented by proxy and entitled to be voted on this proposal at the Annual Meeting is required for approval of this proposal.

Recommendation of Our Board of Directors

OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

STOCKHOLDER PROPOSALS

Any proposal which a stockholder intends to present in accordance with Rule 14a-8 of the Securities Exchange Act of 1934 at our next Annual Meeting of Stockholders to be held in 2011 must be received by us on or before December ___, 2012. Notice of stockholder proposals submitted outside of Rule 14a-8 of the Exchange Act will be considered untimely if received by us after December ___, 2012. Only proper proposals under Rule 14a-8 which are timely received will be included in the Proxy Statement in 2011.

OTHER MATTERS

Expenses of Solicitation

We are soliciting proxies on behalf of our Board of Directors. This solicitation is being made by mail, but also may be made by telephone or in person. We and our directors, officers and employees may also solicit proxies in person, by telephone or by other electronic means. These persons will not be compensated for these solicitation activities.

We have engaged Alliance Advisors to assist in the solicitation of proxies. We will pay a fee of $7,500 plus reasonable out-of-pocket charges and a flat fee of $5.00 per outbound proxy solicitation call.

We will ask banks, brokers and other institutions, nominees and fiduciaries to forward our proxy materials to their principals and to obtain their authority to execute proxies and voting instructions and will reimburse them for their reasonable expenses.

Delivery of Proxy Materials to Households

Some banks, brokers, and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of this notice and proxy statement may have been sent to multiple stockholders in your household. If you would prefer to receive separate copies of a proxy statement or annual report either now or in the future, please contact your bank, broker or other nominee. Upon written request to us at CytRx Corporation, 11726 San Vicente Boulevard, Suite 650, Los Angeles, California 90049, Attention: Corporate Secretary, or by telephone at 310-826-5648, we will promptly deliver without charge, upon oral or written request, a separate copy of the proxy material to any stockholder residing at an address to which only one copy was mailed. In addition, stockholders sharing an address can request delivery of a single copy of annual reports or proxy statements if they are receiving multiple copies upon written or oral request to us at the address and telephone number stated above.

Miscellaneous

Our management does not intend to present any other items of business and is not aware of any matters other than those set forth in this Proxy Statement that will be presented for action at the Annual Meeting. However, if any other matters properly come before the Annual Meeting, the persons named in the enclosed proxy intend to vote the shares of our common stock that they represent in accordance with their best judgment.

Annual Report

Accompanying this Proxy Statement is a letter of transmittal from our Chief Executive Officer, along with a copy of our Annual Report on Form 10-K, without exhibits, for the year ended December 31, 2011 filed with the SEC. These

accompanying materials constitute our annual report to stockholders. We will provide, without charge upon written request, a further copy of our Annual Report on Form 10-K, including the financial statements and the financial statement schedules. Copies of the Form 10-K exhibits also are available without charge. Stockholders who would like such copies should direct their requests in writing to: CytRx Corporation, 11726 San Vicente Boulevard, Suite 650, Los Angeles, California 90049, Attention: Corporate Secretary.

By Order of the Board of Directors

/s/ BENJAMIN S. LEVIN
Benjamin S. Levin
Corporate Secretary
April ____, 2012

ANNEX A

CERTIFICATE OF AMENDMENT

OF

RESTATED CERTIFICATE OF INCORPORATION

CytRx Corporation (the “Corporation”), a corporation organized and existing under and by virtue of the provisions of the Delaware General Corporation Law (the “DGCL”), does hereby certify as follows:

FIRST: Article [FOURTH] of the Corporation’s Restated Certificate of Incorporation shall be amended to add the following paragraph at the end of Article [FOURTH]:

Upon the effectiveness of the Certificate of Amendment of the Restated Certificate of Incorporation adding this paragraph (the "Effective Time"), each three (3) to twelve (12) shares of the Corporation's Common Stock, par value $0.001 per share, issued and outstanding immediately prior to the Effective Time shall automatically be combined into one (1) validly issued, fully paid and non-assessable share of Common Stock, par value $0.001 per share, without any further action by the Corporation or the holder thereof, the exact ratio within the range of three (3) to twelve (12) to be determined by the Board of Directors of the Corporation prior to the Effective Time and publicly announced by the Corporation, subject to the treatment of fractional share interests as described below (the “Reverse Stock Split”). No certificates representing fractional shares of Common Stock shall be issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive fractional shares of Common Stock shall be entitled to receive cash (without interest or deduction) from the Corporation's exchange agent in lieu of such fractional share interests, upon receipt by the Corporation's exchange agent of any required transmittal letter properly completed and duly executed by the stockholder, and, where shares are held in certificated form, the surrender of the stockholder's Old Certificates (as defined below), in an amount equal to the proceeds attributable to the sale of such fractional shares following the aggregation and sale by the Corporation's exchange agent of all fractional shares otherwise issuable. Each certificate that immediately prior to the Effective Time represented shares of Common Stock (“Old Certificates”) shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the elimination of fractional share interests as described above.

SECOND: On [•], [2012 or 2013], the Board of Directors of the Corporation determined that each [•] (•) shares of the Corporation’s Common Stock, par value $0.001 per share, issued and outstanding immediately prior to the Effective Time shall automatically be combined into one (1) validly issued, fully paid and non-assessable share of Common Stock, par value $0.001 per share. The Corporation publicly announced this ratio on [•], [2012 or 2013].

THIRD: This Certificate of Amendment shall become effective on [•], [2012 or 2013] at [•] [a.m./p.m.].

FOURTH: This Certificate of Amendment was duly adopted in accordance with Section 242 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be duly executed in its corporate name as of the [•] day of [•] [2012 or 2013].

CytRx Corporation

By: /s/
Name:
Title:

A-1

ANNEX B

Form of First Amendment to CytRx Corporation 2008 Stock Incentive Plan

Section 4(a) of the CytRx Corporation 2008 Stock Incentive Plan shall be amended and restated to read in its entirety as follows:

"(a) Share Reserve. Subject to the provisions of Section 11(a) relating to adjustments upon changes in Common Stock, the shares of Common Stock that may be issued pursuant to Stock Awards shall not exceed in the aggregate 5,000,000 shares of Common Stock. Notwithstanding the provisions of Section 11 or any other provision of the 2008 Plan, the limitation on the number of shares of Common Stock that may be issued pursuant to Stock Awards as provided in this Section 4(a) shall not be adjusted based on any reverse stock split of outstanding shares of Common Stock effected after the 2012 annual meeting of stockholders of the Company and prior to the 2013 annual meeting of stockholders of the Company."

ANNEX C

Form of Second Amendment to CytRx Corporation 2008 Stock Incentive Plan

Section 5(c) of the CytRx Corporation 2008 Stock Incentive Plan of CytRx Company shall be amended to read in its entirety as follows:

"(c) Section 162(m) Limitation. Subject to the provisions of Section 11 relating to adjustments upon changes in the shares of Common Stock, no Employee shall be eligible to be granted Options covering more than 500,000 shares of Common Stock during any twelve-month period. Notwithstanding the provisions of Section 11 or any other provision of the 2008 Plan, the limitation on the number of shares of Common Stock covered by Options as provided in this Section 5(c) shall not be adjusted based on any reverse stock split of outstanding shares of common stock effected after the 2012 annual meeting of stockholders of the Company and prior to the 2013 annual meeting of stockholders of the Company."

PROXY
11726 San Vicente Boulevard, Suite 650,Los Angeles, California 90049
Annual Meeting of Stockholders

The undersigned stockholder of CytRx Corporation (the "Company") hereby revokes all prior proxies and constitutes and appoints Steven A. Kriegsman and Benjamin S. Levin, or either one of them, as proxy and attorney-in-fact, each with full power of substitution, to vote the number of shares of common stock of the Company that the undersigned would be entitled to vote if personally present at the 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, May 14, 2012, and at any postponement or adjournment thereof (the "Annual Meeting"), upon the proposals described in the Notice of Annual Meeting of Stockholders and Proxy Statement, both dated April ____, 2012, the receipt of which is acknowledged, in the manner specified below:

1. Election of Directors. On the Company's proposal to elect as directors the following nominees for Class III director to serve until the 2015 Annual Meeting of Stockholders of the Company and until his respective successor is duly elected and qualified:

Max Link, Ph.D.	For £	Withhold Authority £	Abstain £
Richard L. Wennekamp	For £	Withhold Authority £	Abstain £

2. Amendment to Restated Certificate of Incorporation. On the proposal to approve the Amendment to the Company's Restated Certificate of Incorporation to enable its Board of Directors to effect a reverse stock split of its outstanding common stock at any time prior to next year's annual meeting of its stockholders in the range of between 1-for-3 and 1-for-12:

For £ Against £ Abstain £

3. First Amendment to 2008 Stock Incentive Plan. On the proposal to approve an amendment to our 2008 Stock Incentive Plan to fix the aggregate number of shares of our common stock subject to the plan at 5,000,000 shares, subject to the approval of the reverse stock split and after giving effect to the reverse stock split:

For £ Against £ Abstain £

4. Second Amendment to 2008 Stock Incentive Plan. . On the proposal to approve an amendment to our 2008 Stock Incentive Plan to fix the "Section 162(m) limitation" at 500,000 shares, subject to the approval of the reverse stock split and after giving effect to the reverse stock split:

For £ Against £ Abstain £

5. Advisory Vote on Executive Compensation. On the proposal for an advisory vote to approve the compensation of our named executive officers as disclosed in the Proxy Statement:

For £ Against £ Abstain £

6. Appointment of Independent Registered Public Accounting Firm. On the Company's proposal to ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011:

For £ Against £ Abstain £

This Proxy, if properly executed and returned prior to the Annual Meeting, will be voted in the manner directed above. If no direction is made, this Proxy will be voted "FOR" each of Proposals 1-6 and in the proxy holder's discretion on all other matters that may properly come before the Annual Meeting or any adjournment or postponement thereof.

Please sign this Proxy exactly as your name appears on your stock certificate and date it below. Where shares are held jointly, each stockholder must sign. When signing as executor, administrator, trustee, or guardian, please give your full title as such. If a corporation, please sign using the full corporate name by president or other authorized officer, indicating the officer's title. If a partnership, please sign in the partnership's name by an authorized person.

Shares Held:

Signature of Stockholder Signature of Stockholder (if held jointly)

Dated: , 2012 Dated: , 2012

THIS PROXY IS SOLICITED ON BEHALF OF CYTRX CORPORATION'S BOARD OF DIRECTORS AND MAY BE REVOKED BY THE STOCKHOLDER PRIOR TO ITS EXERCISE.