



LETTER TO STOCKHOLDERS

To Our Valued Stockholders:

The past year has been one of significant transformation and change at CytRx. Following the strategic outlicensing last year of our lead oncology asset, aldoxorubicin, to privately-held NantCell Inc., our team of world-class discovery scientists in Freiburg, Germany have made great strides advancing our innovative LADR™ (Linker Activated Drug Release) drug candidates, the future of our oncology pipeline.

The LADR™ platform is a discovery engine which combines CytRx's expertise in linker chemistry and albumin biology to create albumin binding, ultra high potency, anti-cancer molecules that are specifically designed to deliver cytotoxic agents directly to the tumor site, while avoiding unacceptable systemic toxicity. These exciting ultra-high potency agents are 10 to 1,000 times more potent than existing anti-cancer therapeutics. In April 2018, we unveiled four new LADR™ candidates, LADR-7, LADR-8, LADR-9 and LADR-10, and have nominated these assets for advancement toward clinical testing in cancer patients. All four candidates are eligible to advance into Investigational New Drug (IND)-enabling studies with the goal of filing IND applications for one or more candidates. Provisional patent applications have also been filed for these assets and the breakthrough scientific research underlying each was presented at the prestigious American Association for Cancer Research 2018 Annual Meeting (AACR 2018) in April 2018.

With their ultra high potency, and potential for fewer off target effects, we believe the LADR™ drug candidates will demonstrate superiority over traditional antibody-drug conjugates (ADCs) and will eventually dominate in this field. The LADR™ drug candidates also offer other significant competitive advantages versus traditional ADCs, including broad therapeutic utility and patient populations, low risk of immune responses, no need for specific antibody receptors, simplicity in manufacturing and low cost of goods. Recognizing these distinct product profile advantages, we have spearheaded several initiatives to rapidly maximize the value of the LADR™ assets – the expansion of our business development team, the creation of Centurion Biopharma Corporation, and the launch of a comprehensive strategic partnering program aimed at securing strategic alliances with large pharmaceutical partners.

Earlier this year, we announced the addition of Eric L. Curtis, MBA, to the management team, first as a strategic consultant, and then as President and Chief Operating Officer of CytRx. Eric brings 25 years of life science leadership experience, with a proven track record in oncology and orphan diseases. He has served in executive leadership roles at large, global pharmaceutical companies, including Bayer, GlaxoSmithKline and Johnson & Johnson, and on the development and commercialization teams for several approved and marketed cancer drugs such as Votrient®, Doxil®, Velcade®, Benlysta® and Tykerb®.

In June 2018, CytRx launched the new, private, wholly-owned subsidiary Centurion BioPharma Corporation. Centurion is a strategic endeavor by CytRx to create an unencumbered vehicle for the LADR™ technology and assets. We believe that consolidating the LADR assets within this new entity will assist in our efforts to attract large pharmaceutical partners and unlock the overall value of these biopharmaceutical assets. Centurion BioPharma, which will be led by Eric Curtis as its Chief Executive

Officer and President, intends to also develop assets on its own and outlicense other assets which target larger patient populations.

During the first half of 2018, we launched a comprehensive strategic partnering program with the goal of securing strategic alliances for the LADR technology and assets. To date, the business development team, led by Eric Curtis, has facilitated numerous introductions and meetings with high quality potential partners, including a robust schedule of partnering meetings at both AACR 2018 and the American Society of Clinical Oncology 2018 Annual Meeting (ASCO 2018). We are currently in due diligence with several large global pharmaceutical or biotechnology companies and our goal is to close a major strategic alliance.

With respect to aldoxorubicin, 2017 saw the culmination of a comprehensive initiative to secure a strategic partnership for our most advanced oncology asset. Last July, we entered into an exclusive global license agreement with privately-held NantCell, Inc. for the further development and commercialization of aldoxorubicin for all indications. As a result of this transaction, NantCell assumed responsibility for the development, manufacturing and commercialization activities relating to aldoxorubicin. In exchange, NantCell purchased \$13 million of CytRx common stock and we are also eligible to receive up to an additional \$343 million in regulatory and commercial milestones, plus royalties.

Since the finalization of the licensing agreement, NantCell has been using aldoxorubicin in its own clinical trials, combining aldoxorubicin with high-affinity natural killer (or haNK) cell-based therapy for the treatment of a variety of high unmet need cancer indications. Dr. Patrick Soon-Shiong, founder and chairman of NantCell, was very successful in developing and commercializing another albumin-conjugated anti-cancer therapy Abraxane (or albumin-bound paclitaxel), culminating in its purchase by Celgene for \$3.5 billion in 2010. This year, NantCell's has initiated three Phase 1b/2 clinical trials investigating its haNK therapy in combination with various anti-cancer agents, including aldoxorubicin, in metastatic pancreatic cancer, advanced squamous cell carcinoma of either the head and neck or non-small cell lung cancer, and triple negative breast cancer. All of these trials, as well as others that NantCell has planned, underscore their strong commitment to the development of aldoxorubicin.

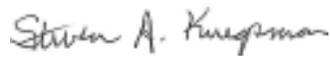
In addition to further clinical development, NantCell continues to present and publish aldoxorubicin data for the benefit of the medical and scientific community. In June 2018, aldoxorubicin data presented at ASCO 2018 demonstrated that administration of aldoxorubicin, alone or in combination with ifosfamide, lacks cardiotoxicity, even when administered at doses beyond those equivalent to 1,000 mg/m² of doxorubicin. We believe these data are important and will be used to inform and guide the ongoing clinical work being conducted by NantCell. Also in June 2018, a compilation of aldoxorubicin clinical data was published in the peer-reviewed journal, *Future Oncology*, further attesting to aldoxorubicin's potential in the treatment of sarcomas and other types of solid tumors.

There have also been several developments on the corporate financial front. During the fourth quarter of 2017, we completed a 1-for-6 reverse stock split of our issued and outstanding common shares, significantly reducing the number of common shares outstanding and allowing us to maintain our listing on the Nasdaq. We ended 2017 with cash and cash equivalents of \$37.6 million, and then in May 2018, we further strengthened our balance sheet through a registered direct offering resulting in gross proceeds of \$7.0 million which we intend to use for working capital and general corporate purposes, including possible new drug discovery activities and acquisitions or mergers. And finally, we were very pleased to announce in June 2018 CytRx's addition to the Russell Microcap[®] Index, highlighting the growth CytRx has made as a company.

In response to suggestions from our shareholders, during the fourth quarter of 2017 we implemented a number of initiatives designed to enhance transparency and increase the frequency of our public communications about corporate developments. As such, we have periodically held quarterly earnings calls, had face-to-face meetings with existing and prospective shareholders, increased our presence at industry and investor conferences, and have been making more frequent updates to our corporate website. We plan to continue on all of these fronts and provide updates on all of our programs at the appropriate times.

On behalf of the entire CytRx and Centurion teams we thank you, our shareholders, for your continued support and we look forward to sharing our progress and achievements with you throughout the year ahead.

Sincerely,

A handwritten signature in cursive script that reads "Steven A. Kriegsman".

Steven A. Kriegsman
Chairman and Chief Executive Officer